MPHIL

Caribbean Managers' Attitudes to Risk and Uncertainty in Decision-Making

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A thesis submitted in fulfilment of requirements for the degree of Master of Philosophy in Psychology

University of Bath
Department of Psychology

December 2019

Acknowledgements

I had the privilege to work with an incredible group of people who supported, encouraged and advised me in producing this thesis. Firstly, I wish to thank Dr Andrew Weyman (Senior Lecturer, the University of Bath), my primary supervisor, who consistently offered me advice and encouragement throughout the many stages of research design, execution and write-up. His feedback provided a unique learning experience. My expression of appreciation also extends to Professor Philip Jones, my co-supervisor, for his advice and support.

I would also like to thank and acknowledge all the organisations and individuals participated in my research. This study would not have been possible without their involvement, and for this I owe them a great deal of gratitude. I am very appreciative of my volunteer research assistants, who helped throughout the various stages of the study, and Debbie Roy for her statistical advice.

Finally, a gigantic thank you to my family and friends, who supported me through the highs and lows of my journey.

Ashwell E. Thomas

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December 2019

List of Abbreviations Acronyms and Terms

DGM	Divisional general manager (senior management)
Dir. HRM	Director of human resources (senior management)
CEO	Chief executive officer (senior management)
CFO	Chief financial officer (senior management)
CIO	Chief information officer (middle management)
COO	Chief Operations Officer
GM	General manager (senior management)
HR MGR	Human resources manager (senior/middle management—based on size and structure of the company)
MD	Managing director (senior management)
Bankers and Financial Officers	Senior, middle and junior management
Operations Managers	Senior management
Project Managers	Junior management
Food & Beverage Managers	Middle management
Front Office Managers	Junior management
Quality Assurance Managers	Middle management
Risk Assurance Managers	Senior and middle management
Sales & Marketing Managers	Senior/middle management (based on the size and structure of the company)
Transportation Managers	Middle management
Warehouse Managers	Middle management
Industry Sectors	Manufacturing, distribution and retail, construction, financial services (banks & insurance), gas and oil, tourism and hospitality
Large-sized Company	Over 200 employees and over US$10m asset base
Medium-sized Company	100–200 employees and US$10m asset base
Small-sized Company	Under 100 employees and under US$1m asset base

Definitions

Top managers are the operational heads of the organisation (e.g., chief executive officer, managing director, general manager or chief operating officer) responsible for making corporate financial/investment decisions on behalf of the board of directors and/or shareholders.

Senior Managers are those operating at the executive level immediately below the top managers (e.g., director of finance, operations manager, sales & marketing manager, human resource manager) with responsibility for budgeting and investment decisions relating to portfolio areas of operation (e.g., division, department or section of the organisation).

Middle managers have responsibility for preparing and managing sectional budgets and making operational decisions on the day-to-day running of the business and supervising subordinate managers and employees.

Junior managers serve as supervisors, project managers or in specialised areas such as quality assurance, production/operation and information technology, with limited responsibility for budgeting and investment decisions.

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Abstract

Traditionally, institutional measures aimed at influencing corporate and managerial reactions in the presence of financial risk (investment options, liabilities and reputational damage) assume actors will behave rationally. This perspective is useful but partial. It is necessary to have a broader perspective regarding influences on decision-making behaviour, given the widely documented evidence of the presence of systemic biases, inconsistencies and irrationalities in individual and corporate decision-making processes (Tversky & Kahneman, 1979; Kahneman & Tversky, 1991; Bettman, Luce & Payne, 2008), and the effects of culture and climate. This research sought to explore managers' attitudes to risk and uncertainty in decision-making through an investigation of the interplay between situational influences (climatic, cultural and structural) and cognitive factors (heuristics and biases).

Methodologically, the study had three phases. The first was exploratory (quantitative), the second and third were of a mixed (qualitative and quantitative) method to explore and characterise managers' orientations to risk (e.g., whether managers focus on avoiding losses in risky situations). Also explored during the first two phases were the impact of individual and organisational characteristics on attitudes to risk; the methods and strategies companies use to manage risks; and the influences exerted by stakeholders. Of particular interest were the variables that sponsored risk-taking and risk aversion (MacCrimmon & Wehrung, 1986; Marsh & Shapira, 1987).

The third phase of the research aimed for a sharper focus on the effects of organisational climate on risk decision- making. Through a process of analysis, six factors were identified that respondents considered most impactful within their risk decision-making climate. Following the identification of these factors, steps were taken to develop a sample of risk measurement and a profiling tool to assist organisations in their risk profiling and risk management. Also, a comparative analysis was conducted on a sample (N=20) of senior and middle managers in three industry sectors. Although the outcomes of these initiatives were of relevance to managers, they could contribute to wider organisational learning and development as well.

A key objective during the initial phase (study 1) of the research was to gain insight into influences on risk decision-making among a sample of managers (N= 170) representing a range 1 of business sectors: for example, distribution and retail, finance and insurance, oil, construction and services, manufacturing, and tourism and hospitality.

The exploratory study (Study 1) was conducted using a survey of senior, middle and junior managers from Caribbean businesses belonging to the range of industry. These entities included multinational firms with bases in the Caribbean, businesses trading in the Caribbean, and businesses registered in and trading in the Caribbean. An exploratory survey based on a list of topics gathered from the initial literature review was piloted among a sample of ten senior, middle and junior managers before general use. The study explored the influences on managerial decision-making, and the structural and cultural components impacting managerial behaviour. Some of the conclusions include:

There was no consensus among respondent managers on a single definition of risk. However, there was strong agreement with the statement that risk is ‘an uncertainty with varied effects on organisational objectives. This agreement suggests that some managers may be willing to take risks over the short, medium or long term where potential opportunities may exist.

Respondents associated risk with both gains and losses as possible outcomes to an event. This result would indicate that managers are concerned not only about loss but also opportunities that may arise to make gains.

Where there was a culture of risk-taking in an organisation, the variables respondents cited as influencing their attitudes toward risk-taking were situational (e.g., having a risk policy or statement indicating authorised areas of risk-taking and financial limitations). Likewise, where a risk-taking culture is absent, managers are more prone to be influenced by individual biases, personal influences and individual track records.

Most respondents believed the culture of the organisation played a crucial role in determining the risks managers were willing to take. However, individual and organisational reputations were perceived to be at stake if expectations were not met. Only 36.3% of respondents’ organisations had a documented risk-management policy; of these, the overwhelming majority (81%) were in the financial services sector. Overall, 63.7% of respondents’ organisations did not have a risk policy and or a risk culture among managers.

In Study 2, a qualitative research strategy (using focus- group discussions) and thematic analysis were used to investigate further the findings of the exploratory quantitative survey. These approaches provided additional insights into the principal drivers of managerial behaviour and the many constraints involved.

Seven themes were identified and used to develop a quantitative questionnaire, which became Study 3 and was used to detect a finite set of underlying constructs. The principal component analysis technique was used to confirm the themes and determine a finite set of underlying constructs. Findings highlighted the salience of six factors. The potential to develop an organisational-level psychometric measure of material-risk culture based on these results is discussed in Chapter 7.

A summary of findings from the research is as follows:

a) The local organisational culture was considered to be more influential than individual differences.
b) Seven major variables were identified as influencing managerial decision-making in the following areas: financial/investments, operations and reputation. These are:
    - Equity and fairness
    - Skills and competence
    - Incentives and rewards
    - Compliance with rules and procedures
    - Autonomy
    - Perceived personal implications
    - Institutional blame
c) Four principal drivers of managerial behaviour were identified—board of directors, financial pressures, embedded blame culture, and shortage of competency skills in the region—together with constraints.
d) Six finite constructs or components that characterise managers' perspectives on variables contributing to risk-taking and risk aversion were confirmed as fairness and equity, skills and competencies, incentives and rewards, compliance with rules and procedures, autonomy, and institutional blame.
e) A risk culture profile measure developed based on the six finite components revealed.

Conclusions to be drawn from the overall study include:

1. The study can provide managers and other agents with a better understanding of

Caribbean work organisations' risk climate and the interrelatedness of the factors influencing risk- making decisions as well as their impact on organisational performance.

2. The culture of an organisation and prevailing risk climate (risk appetite) more often drive risk-taking or risk-averse behaviours in work organisations, rather than the managers' risk preference for either.
3. Organisations can benefit from the finite constructs revealed in Study 3, and the results of the scaling analysis of sample organisations can further help to identify and develop a risk measurement profile to suit their risk appetite.

Chapter 1: Overview of Methodology

1.0 Introduction

Financial theories and models that focus on the trade-off between measurable returns and volatility lead to the typical assumption that higher returns will be received in compensation for riskier investments. Thus, individuals will seek to optimise their gains based on the level of risk they are willing to accept. This reasoning, however, does not appear to explain individual perceptions and attitudes toward the risks and biases associated with financial investments and related areas. It is not typical for the normative, positive risk-benefit correlation to fit well with individual beliefs and perceptions.

An array of organisational and cultural factors seems to have a significant influence on individual risk perceptions associated with financial investment within specific time frames. Various reports and observations seem to suggest that economic cycles do play a significant role in the type of investments that are attractive to Caribbean business executives. For example, managers residing in the various islands of the Caribbean and operating in a prolonged period (say, ten years) of economic recession will undoubtedly be challenged in making financial investment decisions even if the returns look positive. Given this scenario, it would be useful if organisations were able to empirically determine the extent of the influence of this array of variables on managers' risk-making decisions.

The research articles related to different aspects, outcomes and business types of financial investment and associated concerns seem to be an ever-expanding pool. Yet they offer little clarity or guidance on what is important, to whom and in what way(s). Continued research into this arena needs more focus into clarifying and identifying the type of influences that bring about positive rather than adverse outcomes. The existing tools are often in the form of lengthy surveys, e.g., Hackman and Oldham's (1975) and arguably are based on the researchers' presumption that they know what is essential to managers in terms of the right topics to explore and the right items to include.

The data derived through the administration of such surveys then presents another hurdle to how to prioritise the findings. How can the relative salience of the variables presented be assessed and tackled in order of priority? Once the organisation administers the survey, there remain significant evidence gaps over the approach to intervention, much guidance is required to use the data to serve the organisation's best interest.

The differences between theory and practical application seemingly affect risk management research and, without resolution, leave organisations adrift when it comes to how they might improve the risk decision-making climate within their organisations. The question then to be asked: What is the purpose of exploring managers' perspectives on the influences (by the array of variables) and the attitudes that drive their behaviour to take or not to take risks, if not for the benefit of the organisation, its managers and staff? While it is necessary to understand a topic in and of itself, the development of guidance and interventions between theory and practice in this area remains a significant endeavour, and one that has not been adequately articulated.

To progress to a state of current knowledge in this area, the research reported in this thesis begins by taking a step back in the process of enquiry, starting by grounding the approach to empirical investigation in managers' perspectives. It then proceeds to distil these variables into a qualitative survey and drill down to the fundamental elements that constitute managers' perspectives. Finally, these elements are used as the basis for exploring the relative salience of identified components. This research does not only attempt to characterise risk phenomena related to financial investment risk and related areas but to provide an account of managers' risk decision-making experiences and to explore what variables are important to them and why. If appropriately addressed, these findings might deliver significant improvements to future risk- making decisions.

1.1 Overview

The work began with a review of the published findings on variables influencing risk decision-making and allied literature. A combined methods approach is used to address the empirical components by reflecting the core research's aim of focusing on managers' perspectives on variables impacting their risk decision-making. The aims and objectives of the thesis and the arising methodological issues are presented in this chapter.

Managers' risk experiences in organisations and industry sectors vary because of impacting variables, including organisational, cultural and climatic ones. There is a range of perspectives regarding what impacts managers' attitudes and behaviours. Like other topics within the risk domain, this is an area where different and competing perspectives about contributory elements exist. Nevertheless, more effort should be concentrated on addressing managers' attitudes toward decision-making in a situation of uncertainty.

Many previous risk studies have been limited to a single organisation. Methodologically, for the most part, they typify a top-down approach, rather than being rooted in managers' perspectives. A focal point of this study is that the amassed findings have had the effect of blurring the focus on core contributory influences on risk variables. An arising consequence is risks sponsoring inertia or a focus on peripheral elements among senior managers, and policymakers with interest in possible intervention in this area. This study seeks to produce a sharper focus on managers' perspectives on contributory headline influences and aims to achieve this by grounding the investigation in managers' accounts of their experiences. In this respect, the aim of the study was not so much to discover new concepts but to discover the relative importance of identified influences on the participating managers.

1.1.2 Aims and objectives

1.1.2.1 Aims

To explore and characterise the role of organisational climate on Caribbean managers attitudes and behaviour in relation to risk in financial decision-making

1.1.2.2 Objectives

- Explore the factors influencing managerial risk decision-making and the cognitive biases impacting managerial behaviour.
- Characterise the factor structure of headline influences on managers' risk decision-making and determine their relative importance.
- Explore the extent to which managers' ratings of the variables impacting risk decision-making and risk climate-setting vary by shared experience/orientation, referenced to a range of headline employment demographics, e.g., by country, sector, gender and age.
- Explore the scope for developing an organisational psychometric measure for profiling financial risk decision-making climates.

Following a review of risk topics and related literature (Chapter 2), the resulting empirical components comprised three complementary studies. A combined methods approach was adopted. Study 1 (Chapter 4) was an exploratory quantitative investigation into managers' perspectives on the variables impacting financial investment risk and related areas.

For this study, themes were identified from the initial literature review and used to develop an exploratory questionnaire instead of taking one off the shelf, i.e., a previously established instrument. The reasons for doing so were multiple: 1) the study was exploratory; 2) the researcher intention was to measure the various issues pertinent to the Caribbean business environment; 3) and another goal was to gather an informed set of data from which to prepare a more focused set of themes to conduct an in-depth qualitative investigation (Study 2). Spector (1992) argued that the use of unpublished questionnaires is just as effective if the necessary steps are taken to validate them, e.g., pilot testing and internal consistency reliability testing. The researcher took steps to ensure these tests were carried out (see 3.4.2, Chapter 3, and 6.51, Chapter 6).

1.2 Method

1.2.1 Why a mixed methods approach?

The debates on the relative merits of quantitative and qualitative research are both well-established and entrenched. Advocates of qualitative approaches (see, for example, Lincoln & Guba, 2000; Schwandt, 2000) claim that a researcher should not be detached from his/her research, and that cause and effect will always be, to some degree, indiscernible (the constructivist, or relativist, approach). Consequently, finding meaning and understanding entails a more vicarious and inquisitive approach, which can be achieved by using qualitative methods, i.e., it is imperative to appreciate not just what managers believe, or the strength of their attitudes, but to gain insight into how and why people have come to hold such beliefs, and the rationale for their behaviour.

Similarly, proponents of quantitative methods are inclined to emphasise the significance of objectivity, sample representativeness and the statistical testability of (particularly, but not necessarily, hypothesised) relationships (Maxwell & Delaney, 2004; Schrag, 1992). Pragmatists tend to stress that choices over method should be driven by the nature of the research question. However, detractors of this position tend to point to issues of tension and incompatibility in instances when both approaches are used. Howe (1988), in his *Incompatibility Thesis*, posits that those who assert qualitative and quantitative methods of enquiry should not be used as complementary tools base their assertion on the epistemological origins of the methodologies (interpretivism and positivism, respectively) that are, when taken together, discordant (Howe, 2009).

When used in isolation, both methods of enquiry still present a researcher with possible limitations. For example, quantitative 'purists' often contend that science is about confirming or falsifying a hypothesis through objective measurement and interpretation. In this sense, they tend to underemphasise the inherent subjectivity arising from the fact that the decisions made in the design, procedure, analysis and interpretation of research are prone to reflect attitudes, beliefs and social influence (Onwuegbuzie, 2002).

Advocates of mixed, or combined, method approaches lay claim to this strategy, allowing the researcher to take advantage of the strengths of qualitative modes of enquiry, which facilitate the exploration of issues without necessarily having to apply any assumptions. Whereas the introduction of quantitative modes of enquiry enables a researcher to test generated hypotheses and further validate the analysis. This is the view both adopted and pursued here. The strengths of each method are exploited, and the potential weaknesses diminished, as opined by Johnson and Onwuegbuzie. The purpose of mixed methods research is not intended to replace individual approaches, they say, rather 'to draw' the best practices 'from ...both' (2004, p. 14).

1.2.2 The researcher's conundrum

As is the case with all such enquiries there exists the question of the impact on the subject resulting from a researcher's scrutiny. To what extent, in other words, can the answers given by the subject be regarded as representative of the true beliefs, values and behaviours of the subject? Can one reasonably expect the focus of investigation to engage with the one doing the scrutinising honestly and respond openly? These are enduring philosophical and epidemiological debates outside the sphere of this literature review.

Discussions of risk more often revolve around individual perceptions first of the nature of risk decision-making and, second, around concepts that are equally untenable by top and senior management beginning with the presumption of perfect rationality (e.g., bounded rationality versus utility maximisation).

Risk analysts often argue that because a particular risk is comparatively less than another, there should be no question about which course of action should be taken. For example, some have argued that because the perceived risk from a short-term investment is much less than the comparative risk from a medium- or long-term investment, anyone who makes the medium- or long-term investment is merely being irrational. According to such analyses, organisation or individual acceptance of risk is logical only if in comparison to other risks. In the posited case, if the risk in the short-term investment remains safer than commonly accepted risks, i.e., those for the medium- or long-term

investments, then no valid justification for opposition exists.
Lawler (1971). attempt to refute such arguments. He showed that risk-issue management is a much more complicated and delicate affair that can be addressed by closed groups of technical experts alone. He. has acknowledged the work of Paul Slovic and others who have studied the psychological dimensions of risk as well as the significant role perception plays in assessing and evaluating risk-based situations. Even if uncertainty were not a concern, differing perceptions of risk among managers could frustrate efforts to find common technical ground for agreement.

As the extensive psychological work of Slovic and others has demonstrated, perceptions of risk do not denigrate so much as colour rationalities. Slovic writes, 'The public is influenced by worldwide views, ideologies and values. So are scientists, particularly when they are working at the limits of their expertise.' In other words, people's rationalities are not limited only by their access to information but vary according to worldviews and perspectives. The influence of values is as essential in the sciences as in politics, and those in the social sciences should be familiar with the ability to judge actions for their rationality according to different levels and perspectives.

It may be best to agree to disagree, declaring that no standard measurement exists around risk decision-making. Albert Einstein once remarked that not everything that can be counted counts, and not everything that counts can be counted. His sentiments echo the frustrations of many who attempt to explain or deal with the interplay of risk variables, an often-complicated relationship between individual and organisational values. Perhaps in no other area is this difficulty more poignantly illustrated than in discussions about risk. When dealing with monetary values, attempts to be rational in the face of uncertain and conflicting information or to seek a resolution through the application of 'objective' policy can lead to general uncertainty and confusion.

1.2.3. Research design

The approach to this research was driven by a desire to generate questions and explore the issues while attempting to minimise any prior assumptions over variables, their relatedness and casualty. The method chosen was based on the researcher's assessment of the maturity of the skills and knowledge in Caribbean organisations (as derived from the critical literature review). Also, relatively little is known about the topic as it pertains to the Caribbean, thus allowing for a more organic (rooted in the accounts of the survey's respondents) approach.

1.2.4 Three stages of data gathering

1.2.4.1 Study 1 An exploratory questionnaire of managers' perceptions of factors influencing risk in Caribbean work organisations

Since little was known about the variables of interest operating in the Caribbean context, it was considered best to do an opportunity investigation into some topics relevant to the study but taken from the relevant literature. This first study explored the variables that managers perceive as influencing their risk decision-making through a quantitative questionnaire, in order to characterise these accounts concerning a set of themed constructs.

There were two options from which to choose a survey instrument. One was to adapt a questionnaire from off the shelf (published validated instruments), the other was to develop a self-report questionnaire. Given the objective of exploring the construct structure and the robustness and generalisability, the latter was chosen because generic measures are prone to measure things – I was interested in the specifics of culture and practice in Caribbean business's.
Although a questionnaire-based method is an often-adopted approach in the measurement of data from risk studies, the questionnaire items were configured such that they reflected and mapped onto the themes identified from the literature review. Reflecting the objective of detecting a finite set of defining constructs, the format selected was a battery of statements, to which respondents were invited to rate their degree of agreement, using a 4-point rating scale primarily. The 1–4-point scale (agree, strongly agree, disagree, strongly disagree) was employed because it was an exploratory study, and at this early stage a 'not sure' answer, or fence-sitting, was considered to not be very useful given the aim was to get specific answers from respondents.

The statements were generated through the key that related to the themes and constituent facets identified in the literature. These yielded, for each statement, questions that reflected the risk perceptions and experience of respondents. A limitation here was the need to keep the total number of questions generated within the bounds of what could realistically be achieved in a self-completed questionnaire.

The objective of achieving a demographically diverse sample was addressed through the adoption of a compendium sampling strategy. The sampling comprised a series of strategies: targeting companies known to the researcher and requesting the link to the survey be sent out; and handing out hard copies of the survey to potential participants; posting the surveys through emails; soliciting the approval of over 100 organisations. The sampling also involved meeting with the Chamber of Commerce and employers' organisations in Barbados, Jamaica, and Trinidad to raise awareness of the research. These steps resulted in a diverse sample of responses representing a wide range of industries, job roles and sectors. While remaining an opportunity sample, this approach provided a degree of demographic diversity, and across six islands regarding top, senior, middle and junior managers' job role, age and gender.

1.2.4.2 Study 2: Focus group discussions to probe deeper into managers' perceptions and experiences of salient risk issues that emerged from Study 1

Study 2 was designed**:**

- To produce contextual insights into risk variables and to determine what is important to Caribbean managers through their account.
- To provide an element of validation and increase the confidence in the findings from Study 1
- To build on the identified constructs for the development of a more extensive quantitative questionnaire and develop a finite set of constructs for exploring the relative salience.

The intent was to focus the self-measured question set on the accounts of participating managers, rather than merely using established off-the-shelf measures as in the cases of Stoker, Van der Velde, and Lammers (2012), and Zhang, Zhao, Chen, and Wu (2017). Qualitative methods of data collection are increasingly popular in organisations and social policy research. However, as Oppenheim (2000) points out, their use is far from universal: it remains the case that 'in some societies, the concept of a social research interview either does not exist or is vigorously resisted' (p. 65). There are, undoubtedly, difficulties in research of this nature in terms of the effect researcher/interviewer involvement in the process might have on participants' responses. Furthermore, the interviewer must take steps to 'switch off' their personality and attitudes... and try to be unaffected by circumstances, by their attitude to the topic or the respondent, or by personal involvement' (Oppenheim,2000, p. 66).

Notwithstanding these potential downsides, this method of data gathering, if done well, permits a researcher to build a later quantitative study on a solidly informed foundation drawn from the source about which they seek to achieve better understanding. Methodologically, the use of focus groups and the exploratory survey conducted in Study 1 contrasted with previous research activity in this domain, which has been largely hypothesis-driven and quantitative. Oppenheim (2000) describes the purpose of the exploratory research as 'essentially heuristic: to develop ideas and research hypotheses rather than to gather facts and statistics.' This researcher was particularly concerned with understanding how the different levels of managers think. Also, of interest was how they feel about the topics of concern to the research. It was to this end that the chosen method was employed in Study 1 and Study 2 of the current research.

While no claim is made that the adopted approach should be considered as grounded theory (Glaser & Strauss, 1967), the adoption of an approach grounded in managers' perspectives allowed an approach to the topic from a perspective of producing theoretically informed insights (Glaser & Strauss, 1967, p. 3). The outcomes of which afforded detailed insight into managers' perspectives and experiences as well as a firm empirical grounding for the later quantitative study.

Kitzinger (1995) states that 'taking advantage of such a variety of communication is important because peoples' knowledge and attitudes are not entirely captured in coherent answers to direct questions. Anecdotes, jokes or loose word association are examples of common forms of communication that may tell us *as much*, if not *more*, about what people "know' (Kitzinger, 1995, p. 109). Kitzinger also says that 'in this sense focus groups "reach the parts that other methods cannot reach"—revealing dimensions of understanding that often remain untapped by the more conventional one-to-one interview or questionnaire' (Kitzinger, 1995, p. 109). As such, Study 1 does not use grounded theory as presented by Glaser and Strauss (1967), but as a means of conducting a study that is grounded in its subject matter (managers' perceptions), and aims to derive insights from how managers articulate their perspectives on variables that impact on their risk decision-making.

A thematic analysis was used to identify and characterise the salient components. Additionally, this approach provided insight into not just what, but how, why, and in which ways the identified components were of high salience to respondents. This analysis, informed by published findings, was used as the basis for developing a questionnaire suitable for further quantitative analysis in Study 3 (Chapter 6). The objective was to produce a data set suitable for multivariate analysis, in particular principal component analysis, in order to confirm and further refine the qualitative findings from Studies 1 and 2. The final study (Study 3) set out to explore respondents’ views regarding the relative salience of the variables identified as headline influences to risk decision-making climates, and to test the degree to which managers share a common perspective on headline influences.

1.2.4.3 Study 3: Factor component analysis of the constructs to determine the relative salience of risk components

The final part of this study was designed to triangulate on the findings from Studies 1 and 2 through a large-scale quantitative survey of Caribbean managers provide some verification of the conclusions, in particular those discovered in Study 2, and explore and articulate any additional arising insights.

Under examination was the relative salience of risk components important to managers and the degree to which individuals shared a typical demographic and perspective. A set of components was derived from insights arising from Studies 1 and 2. In recognition of the limitations of direct testing, notably in the area of consistency, reliability and the desire to establish the relative salience of components, rather than their respective order, a more sophisticated approach was sought. Following the consideration of the relative merits of alternative testing techniques, the Cronbach alpha test of reliability coefficient was selected.

The rationale underpinning the use of an alpha coefficient was to be able to explore the relative level of internal consistency and contrasting differences that might exist within and between the many demographics. Moreover, alpha is a commonly employed index of test reliability affected by the test length and dimensionality. It is primarily based on the assumptions of the tau-equivalent approach, i.e., a low alpha indicates that the assumptions are not met, while a high value of alpha (> 0.90) could suggest idleness and show that the test length should be reduced.

The strength of the alpha coefficient according to Cortina (1993), lies in the fact that it does not only measure the unidimensionality of selected items but may be used to confirm whether or not a sample of items is unidimensional. The method is robust for testing a wide range of items within multiple constructs such as those provided in this study. The value of each construct arising from the test indicates the level of importance of that construct to the respondents relative to risk decision-making. By assigning each item a value (or level of salience) along a continuum relative to the item set, the test signals which constructs might otherwise be considered inconsistent. The study was intended to ascertain if there exists broad universality in the relative salience of constructs, such that the resulting order of variables impacting on risk decision-making among managers might be used by organisations as a guide to how best to prioritise risk-taking or risk-averse decisions that suit the best interests of the organisation.

1.2.5 Rationale for the approach

The research purposively used a mixed methods approach, with an exploratory opportunity quantitative survey in Study 1 setting the foundation of a well-informed set of data (organically produced) on which several themes can be established to build a qualitative questionnaire. An element of triangulation and validation of qualitative findings from Study 2 was established, with the additional benefit of having been performed on a large and potentially more representative sample.

It is argued that grounding the content and configuration of the question set used in Study 2 in the interpretation of managers' accounts in Studies 1 and 2 provided a sharper focus on what is essential to managers. This grounding also led to a sounder empirical basis upon which to configure the final study questionnaire than more traditional theoretically based top-down approaches. Findings from Studies 1 and 2, referenced to established insights from published findings, were fundamental to the generation of the item set used in Study 3 to determine the relative salience of risk components.

Chapter 2: Caribbean historical background, ownership structure and cultural framework of sampled organisations

2.0 Introduction

The increasing challenges faced by Caribbean businesses today require a flexible approach to survival. The threats and opportunities need to be effectively identified and evaluated if they are to be managed successfully. Some well-publicised financial failures in recent years reinforce this point, e.g., the collapse of Caribbean Life Insurance Company (CLICO) in January 2009 and British American Insurance Company in Barbados in 2009, and the 1990s financial meltdown in Jamaica. These failures have forced regulatory authorities and professional bodies across the Caribbean to assess whether regional firms have or should put in place structures to manage the threats to future prosperity that they face, and to report on their effectiveness where such exist. Presently, much of the emphasis from the authorities and within organisations has been on the appropriateness of different systems for evaluating various risks and the handling of financial investment instruments for risk-management purposes.

This research takes a different, more micro perspective, and concentrates on exploring the attitudes, behaviours and rationale that underpin the financial investment risk decision-making of managers within work organisations. The rationale for taking this perspective is that, within work organisations, all risk-management systems will have contributions from, or be implemented by, individuals, and therefore their attitudes toward risks and uncertainty, and the decisions that they make, will impact on future performance. Secondly, it is mainly managers within organisations who take risks that will impact on corporate wellbeing. Therefore, a contextualised understanding of what influences risk decision-making and of the attitudes shaping managerial behaviour is essential to firms. Finally, little is known about how structural and cultural components interact with cognitive processes, or how this may vary among Caribbean businesses.

This research is not about finding the optimal level of risk in decision-making. Instead, it seeks to provide a better understanding of the potentially complex interplay between cognitive processes and contextual influences on behaviour. This relates in particular to the recognised decision biases and heuristics as well as the normative social influences (e.g., group processes, organisational culture/climate, and broader cultural norms and contextual influences related to the characteristics of the issue under consideration) that may affect decision-making within a particular setting or given circumstance. There is no strong focus on those effects germane or unique to the Caribbean context. However, where such identified phenomena are interpreted as pertaining to regulatory regimes and cultural norms, they are discussed.

Multinational organisations operating in the Caribbean (e.g., international audit firms, banks and insurance companies) support the disclosure of risk-related information to groups (such as the Chamber of Commerce, bankers’ associations and insurance underwriters) interested in current performance and longer-term survival. Even so, the risk emphasised is often described in very general terms and varies from one report to another. These risks relate to finance and operational issues—say, concerning potential damage arising from natural disasters—caused by annual hurricanes and occasional earthquakes, the potential loss of profitability as well as the need to protect the company’s reputation. The Caribbean area is prone to these events because it is located in the path of most of the tropical hurricanes formed as well as the tectonic setting causing earthquakes, flooding, drought and landslides, which in turn do damage to the islands’ infra-structure. Other headline risks are those relating to high fiscal deficits and debts that put constraints on foreign exchange, thus weakening the countries’ capacity to import intermediate inputs and technology to drive economic growth.

None of these reports identifies specific influences affecting managers’ risk decision-making Neither have they studied how the cultural environment influences or impact managers’ attitudes and views on the factors that affect their risk-taking practices within their companies. This study focuses on these areas by exploring and drilling into different facets of the research question about the influences and attitudes impacting on managerial behaviour in financial investment and related risk decision-making in the Caribbean. Chapter 2 provides: a brief overview of the historical background of the islands featured in the study, including the ownership structure of volunteered or sampled organisations; insight into corporate governance and a cultural framework.

2.1 Brief historical background of the Islands

The Commonwealth Caribbean consists of a chain of islands (most are former British colonies) stretching from the north (e.g., Jamaica) to the east (e.g., Barbados). Plantations dominated economic life in every sense for over three hundred years. Although the slave-trade was abolished in law in 1834, it did not coincide with the liberation of enslaved Africans until the late 1930s after several slave uprisings and social and political unrests throughout the English-Speaking Caribbean. After several acts of disturbances and the cry for self-government, women were enfranchised in 1944 and universal adult suffrage declared in 1951; the rise of the two-party political system and cabinet government formed during the 1950s. In 1958, through much agitation from local politicians, trade unionists and social commentators, the United Kingdom through its then colonies tried to establish an independent federation of the West Indies, comprising the then British colonies. However, the difference in the structure of the federation, and Jamaica's and Trinidad and Tobago's withdrawal, led to its collapse in 1961.

The planters engaged the finest lands; the regulations reinforced the slave structure. In general, all money-making (and other economic) activities depended on the tempo of activity of the plantations throughout the colonial chain of islands. During the 1930s, there was widespread resistance by the working class over their treatment by the planters, conditions of work, and general living standards. This situation led to changes to the political and economic landscapes of the Commonwealth Caribbean and marked the beginning of the post-colonial Caribbean.

Between 1962 and 1979, these islands became sovereign states, with Jamaica and Trinidad and Tobago being the first to do so on August 6 and 31, 1962, respectively. Since then, each of the islands has evolved into service-oriented economies, with tourism and hospitality being the dominant industry except in Trinidad and Tobago, the most industrialised islands in the English-speaking Caribbean.The six countries included in this study are Antigua and Barbuda, Barbados, Jamaica, St Vincent, St Lucia, and Trinidad and Tobago, representing approximately 4.4 million of the estimated 5.5 million people in the English-speaking Caribbean.

Although these and other Caribbean countries have made some progress in the post-independence period, with some countries having achieved middle-income status, the rate of progress has varied from island to island. The progress experienced is, to a large extent, due to the economic make-up of the islands. For example, some islands benefit from the presence of natural resources (e.g., bauxite and minerals in Jamaica; oil and pitch in Trinidad and Tobago; bauxite and gold in Guyana), whereas others do not. Improved educational outcomes have also contributed significantly to overall progress. These outcomes include increased tertiary and high school graduates (primarily because of better enrolment rates), improved health care services, and higher levels of nutrition, among other indicators.

However, despite the progress noted above, the region remains burdened with some development challenges. These have been related to declining productivity growth in the last decade, high unemployment rates, weakened export competitiveness in some sectors, expanding fiscal deficits and debt. Many of the islands are prone to natural disasters and climate-change-related challenges. These problems have led to a lack of sustained growth in per capita incomes, which, as a result, have failed to lift a large segment of the population out of poverty. Weak export competitiveness has also led to chronic external imbalance, reflected in structural current-account deficits, thereby worsening the constraints of foreign exchange and lessening the capacity to import intermediate inputs and technology to drive economic growth.

Given the above, it has long been perceived by many (including this researcher) that development differences between the islands are fundamental from a cultural perspective and therefore relevant to business development. According to researchers such as Barry Gerhart and Meiyu Fang (2007) and Hofstede (1980), while national cultural differences in developed countries are considered essential and must be understood, their role must be considered among other relevant contextual factors, primarily organisational culture. Another conclusion to be drawn from these studies is that differences in national culture are reflected in business decisions and are often based on one's understanding of national culture, thus making the organisational culture the most important contextual factor in making better decisions.

2.2.0 The ownership structure of sampled organisations

The organisations volunteered to participate in the opportunity, and subsequent surveys of this study are drawn from regional conglomerates, multinational corporations and home-grown companies. The conglomerates and multinational firms with strong capital bases and diverse business lines have been supported by and continue to support the economies of the Caribbean. Headquartered in Barbados, Jamaica or Trinidad and Tobago, most local conglomerates evolved from family businesses. They are publicly traded in these countries and participate in cross-border trading.
Regarding the development of a healthy economy, large conglomerates are important as the many small and medium-sized businesses.

Many of the conglomerates are regionally owned. However, many small-to-medium-sized businesses are either owned locally, through an overseas joint venture with local partners, or branches of an overseas company. In the Caribbean, conglomerates currently provide employment for tens of thousands of people through their many subsidiaries spread across the islands and in Canada, the United States of America and the United Kingdom. Many of the regional conglomerates operating today evolved through the mergers and acquisitions of two or more companies operating mainly in Barbados, Trinidad and Tobago and Jamaica, e.g., Massy Group, Sagicor Corporation, Goddard Enterprises, and ANSA McAL, all within the last twenty years. Also, some multinational firms (e.g., Barclays Bank, Canadian Imperial Bank of Commerce, Royal Bank of Canada, and Shell Oil Company have decided to sell part or whole of their business operations to local companies. Many of these local conglomerates (though are substantially owned by wealthy family members, e.g., Grace Kennedy, Goddard Enterprises, Sandals, S.M. Jaleel, Bermudez, and Simpsons Corporation; and Ansa McAl so, too, are many of the medium and small businesses.

Family firms may seek to maximise their firms' value (Morck et al., 1988; Anderson & Reeb, 2003) because their family's wealth is usually tied to them (Almeida & Wolfenzon, 2006). Family firms tend to be associated with long-term horizons, pursue value-creating projects, and offer fewer incentives to expropriate corporate opportunities, thereby reducing conflicts between managers and shareholders (Villalonga & Amit, 2006). In such situation, opportunistic behaviour is enhanced, and disproportionate information is less since ownership and control are not separated hence a more transparent environment ensues (Wang, 2006).

Family firms may not always create value for the firm or its minority shareholders (Anderson & Reeb, 2003), as stock markets react negatively when family heirs are appointed as managers (Perez-González, 2006). In keeping with agency theory, controlling shareholders will have control over benefits e.g., divided that are not shared with minority shareholders. For instance, family firms may choose their board of directors, consisting mostly of the less independent family members (Anderson & Reeb, 2003). Less monitoring may occur, thereby increasing opacity, such as hiding indirect financial benefits like related party transactions or facilitating the managerial entrenchment of family members (Anderson & Reeb, 2003; Schleifer & Vishny, 1997).

2.2.1 Corporate governance

Good corporate governance is beneficial for timely disclosure of information, which helps in preventing insider trading, and communicating efficient market prices. Accordingly, board independence, board structure, and board activity are important corporate governance variables that many Caribbean organisations find challenging. These appear to be critical to the relationship between liquidity and corporate governance. Caribbean firms are characterised by concentrated ownership. This type of ownership structure often gives rise to opacity, and so board composition is a key control mechanism for minority shareholders.

Additionally, board structure and the transparency of information through voluntary disclosure are two distinct corporate-governance mechanisms in the control and monitoring process that reduce costs. Caribbean stock exchange markets strive to alleviate investors' (local and foreign) fears about the lack of transparency and protection by positioning the exchanges as agencies that verify a firm's compliance with higher corporate-governance standards. Transparency and disclosure are crucial in shaping a firm's environment. Lack of transparency limits price discovery in stock markets (Morck et al., 2000). Moreover, the stocks of firms with poorer investor protection trade at higher bid-ask spreads (Brockman & Chung, 2003).

Emerging economies such as the Caribbean are characterised as having concentrated ownership, and controlling shareholders may prefer less transparency (Solomon, 2007) to conceal their ill-gained benefits. Effective board monitoring is therefore necessary for this situation, especially when the legal protection for minority shareholders is weak and external governance mechanisms are ineffective (Young et al., 2008). In the Caribbean, interlocking board membership is common primarily because of the population size in each island and the family relatedness of the companies, making it difficult to recruit independent members to boards.

2.3.0 Cultural framework of business cultures in the Caribbean

Culture may be defined as a reflection of the variety of cultural phenomena within a country or region (e.g., the Caribbean) that can be observed. Morrison (2002) opined that cultural symbols consisting of but not limited to language, religion and art have shared meanings. Edgar (2010) also defines organisational culture as a pattern of underlying assumptions by a given group learning to adapt to problems of internal integration and external adaptation. Czinkota (2007) posits that cultural symbols affect the flows of activities in businesses and societies. The English-speaking Caribbean has unique elements of culture, expressed through the same language, types of religion based on values and attitudes, customs and practice, education, aesthetics, social organisations and race. Culture in the Caribbean is an amalgam of different ethnic groups where the different ethnic groups of an island (e.g., Trinidad and Tobago, Jamaica or Barbados) share or depict some identical cultural traits.

It is perhaps wrong and inconsistent to think that people in the different Caribbean islands would all behave in likewise manner, i.e., speak the same language and hold the same values. However, Hofstede (2001) opined that it is possible for a person living in the same geographical region (such as the Caribbean) to have a difference in values, norms, customs based on his ethnicity and where he lives. For example, though the people of the six Caribbean islands featured in this study have similar backgrounds, speak a common language, attended the same secondary schools and universities and even worked with the same organisations, their values were likely to be different.

The four cultural dimensions posited by Hofstede Power distance (PDI), Individualism versus 14 Collectivism (IDV), Masculinity versus Femininity (MAS), and Uncertainty Avoidance (UAI) can have either positive or negative influence on cross-border business projects and may be used to explain some aspects of the culture in Caribbean organisations. Still, there are limitations (to be explained later).

Individualism, in contrast to collectivism, shows the relationship between the individual and the collectivism that exists in each society (Hofstede 2001, 209). According to the author, individualism reflected in a society in which everyone is for himself/herself. The ties among family and extended members are weak. Whereas in collectivist societies people are integrated into strong cohesive in groups that are in nuclear families, extended families from birth, and it implies values and behaviour that continue protecting the group in exchange for unquestioning loyalty (Hofstede 2001).

Business organisations in the Caribbean exploring external markets are advised to take the issue of cultural diversity seriously, as it influences the business outcome. The dimension relates to the degree to which people in a culture prefer to act as a member of a group or as individuals. In addition to the degree of action, it also reflects whether the group's interests are more important than the person's interests. The evidence suggests that cultural diversity influences the willingness of individuals to share their knowledge (Chow et al, 2000) in some respects holds true however to a large extent individual willingness to share knowledge depends on the organisational cultural practices and ethnic composition of the workforce in the Caribbean.

Referring to the masculinity versus femininity dimension, Caribbean society has abided by and values traditional and current male and female roles. Masculine cultures were demonstrated in countries where men were expected to be reliable, sturdy, assertive, competitive, and the provider. If women worked outside the home (in a skilled job), they had separate professions from men that were supposed to be modest and caring in nature. However, in feminine-culture countries, both men and women worked more or less the same across many professions. Men were supposed to be responsive, but women had to work hard to achieve professional success. The Caribbean, for example, is where equal rights and equal opportunities for both genders is said to exist in theory, but this is not consistently applied in the workplace environment. It is estimated that under 20% of board members are female and in the CEO's position, even though there is a majority of female business professionals in most organisations in the Caribbean.

Many organisations in the Caribbean are characterised by individual performance, achievements, incentives, rewards, and seniority. Whereas in other organisations employees value togetherness, mutual help, social contact, teamwork, and collective achievement. Even though many people many may not perceive themselves to be rewarded according to their capability, know-how, education, and performance.

Hofstede uncertainty avoidance dimension refers to society's tolerance for uncertainty and indistinctness about the future of human life. Everyone tries to cope through the domains of technology (including all human artefacts), law (all formal and informal rules that guide social behaviour) and religion (all revealed knowledge of the unknown); this coping is part of an innate need of human beings to search for the truth. The author also defines coping through the domains as the "extent to which people of culture feel affected by unknown happenings" (Hofstede, 1991, p. 113). This shows how a culture modifies its members to feel either uncomfortable or comfortable in unstructured situations. The unstructured phenomenon is novel, unknown, surprising, different from the usual. However, Caribbean organisations may not be able to develop at the pace of any American 500 fortune companies, if the sharing of knowledge and ideas among their managers do not happen because of the fear of uncertainty. In the context of knowledge transfer, individuals with a high tolerance for ambiguity are much better able to transfer and receive knowledge that is tacit and complex (Bhagat et al, 2002). If knowledge and new ideas are denied it makes it difficult to accept or make changes.

According to Hofstede (2001, p. 167), less uncertainty-avoidance cultures are characterised by high rates of innovation. They welcome innovations so quickly but put less energy and effort into their application. By comparison, high uncertainty-avoidance cultures find it difficult to bring innovations, but once these are accepted, they are taken more seriously than in lower uncertainty-avoidance cultures. In addition to this, the precision and punctuality needed to make an innovation work comes naturally in high uncertainty-avoidance cultures. In less uncertainty-avoidance societies, learning and management are what it takes for the application of innovation. One might therefore suggest that it is managers from less uncertainty-avoidance cultures who come up with ideas and innovations, while managers from the high uncertainty- avoidance cultures develop and implement the ideas (Hofstede 1991, pp. 181-184).

Family businesses are a common feature in long-term orientation cultures. This environment has a stable hierarchy (less bureaucracy) that makes it ideal to set up businesses. On a dissenting note, natural entry barriers affect local entrepreneurs, who must compete fiercely with foreign companies that find the market worth risk-taking as a result of low entry barriers. Employees of companies in short-term orientation cultures focus on periodic achievements (results) such as last-month, -quarter or previous year results, and managers are judged by their prior period's results. In long-term orientation cultures, employees emphasise future goals, which are often set up for five to ten years ahead (Hofstede, 2005).

Hofstede's framework is perhaps the most widely used approach to understand, classify and compare national cultures. However, there are limitations to its universal application, particularly in the Caribbean. One area of concern is that the data is relatively old, even though there were study replications. No less worthy of consideration have been the many changes in the political environment (e.g., ideological shifts since the fall of the Soviet Union) and the workplace (stronger focus on cooperation, knowledge-sharing and empowerment). Technological advancements in information (social media) have played a huge role in information dissemination across borders and oceans. Another difference worth noting is the shift in the balance of the workforce, e.g., the availability of more educated women. Hofstede's study was further restricted by data from a single organisation.

To generalise about national cultural characteristics based on the analysis of a small subset of data is not enough for a nation or region to rely on for a definition of culture. It is also important to note that the dimension of uncertainty avoidance did not evolve as a separate cultural dimension in Hofstede's later study, conducted using a Chinese comparator of his original survey developed by Chinese social scientists. A different dimension representing Chinese values related to Confucianism emerged. Originally termed Confucian, this dimension was later relabelled long-term/short-term orientation, and added as a fifth dimension rather than replacing uncertainty avoidance. With these and other concerns, it is possible there are other dimensions. Their discovery would require factoring in the vast amount of changes impacting on the workplace today in a full study among multiple organisations with a more diverse workforce and generational differences.

Chapter 3: Literature review

3.0 Introduction

Business risks may be seen merely as the uncertainty that matters (Hilson & Webster-Murray, 2005). Knowing how to take risks under any specific condition requires knowledge and understanding of three things: the causes and nature of uncertainty; the likelihood of its occurrence; and the extent to which undesired effects matter, i.e., the potential consequences. Different things matter to different people under different circumstances. As a result, a risk noticeable or important to one individual or group, necessitating urgent attention, may be seen by others as normal and not worthy of their time. The perception of risk is not absolute, whether present or absent, but is situational and highly dependent on different types of influences, e.g., individual biases and cultural factors. It is this situational facet of a risk that makes decision-making in uncertain circumstances both intriguing and relevant.

Academic and management experts share the view that the responsibility for creating an organisation's risk climate and setting its objectives rests solely with its executive management. The risk objective means that each organisation has its acceptable level of risk, which is usually derived from its legal, social and regulatory compliance responsibilities; defined threats; and drivers of a business and their impacts. Since a company is in business to make a profit, its risk objectives will, therefore, incorporate risk-taking or risk-averse behaviour—whichever is considered best suited for the attainment of its strategic objectives under a particular set of circumstances. The objective is to identify the level of risk that the organisation will tolerate for a given situation. The risk-acceptance level then becomes the maximum overall exposure to risk that should be accepted based on the benefits and costs involved (RIMS Executive Report, 2013). The notion of excessive risk-taking or being excessively risk-averse may then be considered when the risk exposure goes beyond or falls significantly below the acceptable level of risk.

The results that flow from any of these actions may also attract public concerns and perceptions, thus creating a secondary impact. Accordingly, the risk governance of organisations must take into consideration any such potential concerns or perceptions that the public might have when looking at an organisation governance issues (Kasperson et al., 1988).

A risk-taking or risk-averse decision requires a fundamental understanding of the nature of the task. On the one hand, handling risk be a coherent and logical process necessitating an awareness of the historical perspectives amalgamated with numerical assessments of the prospect of an uncertain event happening. However, there can be gaps in relevant knowledge and data; decision-makers' models may contain misunderstandings and is prone to a range of cognitive biases underpinned by cultural norms that may engender a climate of risk-seeking or risk-averse behaviour.

Talking about risk may lead some people to think primarily about uncertainties that result in unfavourable outcomes. However, many present-day managers believe their approach to risk decision-making to be objective – meaning that they expect positive or negative outcomes. An unknown set of circumstances could equally lead to positive outcomes, allowing the definition of risk to incorporate both opportunities and threats. This dual concept of risk is particularly essential in the context of risk-taking or risk-averse decisions because most decisions need to balance the mistreatment or enhancement of hoped-for positive outcomes with the avoidance or mitigation of unwelcomed negative ones. Therefore, risk-taking or risk-averse decisions should not be characterised as right or wrong without first analysing the circumstances that lead to the decision and whether the decision has served the best interests of the organisation.

An example of a situation could be as follows: the most experienced company in the market segment deciding whether to seize a business opportunity to acquire the newest but most aggressive competitor before the second largest and fiercest competitor does so. The decision would have to be balanced against the threats that the fiercest competitor would give versus the boost to the most experienced company's reputation if the acquisition provided an advantage to a surge in market share for its products or services. While each decision is unique, there are no risk-free options. Moreover, zero risks are not only unachievable; they are not ideal. Failure to take risks may stifle growth and limit improvement. Decision-making in a world that is full of uncertainty that matters seeks an optimal balance between threats and opportunities. The challenge, concerning potentially ruinous risks, is finding an optimal balance that is not too secure or too insecure. Goals should not be too optimistic or too doubtful regarding risks that may add more wealth. Achieving the goal of an optimal balance of uncertainties and prospects compels a keen awareness of the risk environment as well as the ability to determine the influence of risk attitudes on decision-making.

Being risk- seeking, risk averse, risk- tolerant or risk neutral represents a selected response to the doubt that counts, driven by awareness. In putting together, an array of variables that have a potential influence on organisational risk climate is a broad and complex undertaking; they extend to the broad areas of organisational and cultural factors. It is recognised that risk theory comes from choice theory (McCrimmon & Wehrung 1986). Risk-taking or risk-aversion based on the choices made by the decision-maker from the available alternatives, is critical to this study.

The review, therefore, focused on the role of organisational culture and climate and not on individual differences. Not because the latter is not relevant, but because understanding and recognising phenomena associated with the former have been widely cited as important and, critically, these phenomena are more amenable to change via social engineering. In other words, personality differences offer little scope for intervention to achieve change, whereas situational variables are more amenable to influence through intervention in the workplace, e.g., systems of reward. Consideration of financial investment risk should include not only the material consequences of both risk-aversion and risk-seeking for the organisation but also potential corporate and professional reputational impacts.

The review includes decision-making process models; behavioural decision theory, notably insights on heuristics and biases; organisational culture and climate; organisational insights, e.g., managerial leadership and incentives; and psychometric risks research. A critical point to note is that it is not the intention of this study to determine or comment on behaviour concerning any objective assessment of risk merely to attempt to discover phenomena that encourage managers to adopt more risk-averse or risk-seeking behaviour. The focus is on situational (rather than individual) components; on how managers make sense of their environment; on how this understanding or lack of impacts on their orientation and disposition toward risk; and on how their orientation and disposition (behaviours) reflect alignment with the work on workplace culture and climate within the health and safety (risk) domain (see Cox & Flin, 1998; and Pidgeon's *Royal Society Review (1992).*

This review is not exhaustive given the breadth and complexity of perspectives that are identified as relevant to risk-taking and risk-averse behaviours. However, it seeks to articulate the headline facets (existing and emerging) of organisational risk climates and the behaviours identified in the literature.

3.1.0 Foundation insights

In more than fifty years, hundreds of studies have been conducted in risk perception-oriented research within the social sciences across multiple disciplines. The academic foundation was built on psychological aspects of risk perception studies in behavioural finance, accounting, and economics developed from the earlier works on risky behaviours and hazardous activities. The research on risky and hazardous situations by Slovic (1976) can today be applied within the financial and investment decision-making context.

The theme arising from the risk perception literature that applies to this study is how an organisation processes information, and the various behavioural finance theories and issues that might influence a person’s perception of risk within the decision-making process. The different behavioural finance theories and concepts that influence an individual manager’s perception of risk for different types of financial investments are heuristics, prospect theory, loss aversion, overconfidence, representativeness, framing, anchoring, familiarity bias, perceived control, expert knowledge, affect (feelings), and worry.

3.1.1 Definition of risks and the neoclassical perspective

In classical economic theory, the definition of risk is restricted to decisions whose outcomes are subject to actuarial calculation, while uncertainty is used to refer to those results that are not susceptible to actuarial science (Keynes, 1921, 1936). Knight (1921) opined that managers should focus on risk since the uniqueness associated with uncertainty meant that little could be gleaned from the situation to help managers with future decisions.

Those who oppose Knight’s definition state that risk entails uncertainty and exposure to possible consequences, while Knight addresses only uncertainty. Knight’s definition is based on an objectivist’s interpretation of probability, which he contends is intrinsic to a proposition and depends only on necessary ignorance, while Keynes’ contemporaneous conception is informative. Keynes posits that probabilities apply not to propositions but pairs of propositions. One is not known to be true or false, while the other is the evidence of the first. Both Knight and Keynes accepted that, in some circumstances, uncertainty and objectivity probabilities could not be assigned. Consequently, Keynes’ interpretation of probability is amenable to Knight’s distinction between risk and uncertainty. Once again, for Knight, proposals are categorised as either risks or uncertainties, while Keynes’ pairs of propositions must be so categorised.

Knight’s definition of risk comes under further scrutiny by Holton, who likened Knight’s notion of risk as conforming to many contingencies in the domain of insurance. His concept of uncertainty (unmeasurable uncertainty) concurs with many contingencies that face entrepreneurs or speculators. Consequently, economists have found it useful to embrace some form of distinction between measurable and unmeasurable uncertainty. Holton (2004) argued that risk has two essential components—exposure and uncertainty. He argued that risk is exposure to a proposition of which one is uncertain. Holton posits that if a man jumps from an aeroplane without a parachute, he is sure to die, and therefore faces no risk, concluding that risk requires both exposure and uncertainty. This may leave many entrepreneurial managers at a disadvantage; whose task is to minimise as much as possible the level of exposure in their risk decision-making based on known circumstances

3.2.0 Types of business risks

3.2.1 Financial Investment and related risks

Businesses are faced with various risks, and these are classified as internal and external. They can directly or indirectly affect the company's ability to operate. This study focuses on financial investment and related risks; in particular, the risks involved in short-, medium- and long-term financial investments with low or high levels of opportunities.

Investment risks can be defined as the probability or likelihood of the occurrence of losses regarding the expected return on a particular investment within a given time frame. The most common types of investment risks are as follows:

a) Liquidity: the inability to sell a particular investment at a fair price
b) Market risk: investment risk occurs when market value declines due to changing operational and economic developments.
c) Risk of loss: this can occur when the investment is concentrated in one area/period, e.g., whether short, medium or long term.

Risks exposure is a significant factor in assessing the prospects of an investment. Most businesses, when investing, consider less risk as favourable. When investment risk is at its minimum, businesses are inclined to invest more. It is, noteworthy to consider that where the risk is high, the probability or likelihood is that the return will be better.

3.2.2 Strategic risks

The on-line business dictionary defines strategic risk as “a probable source of loss that may be derived from a failed or failing plan of activities”. According to a global strategic survey conducted by Deloitte (an accounting firm), strategic risks are the risks of failing to achieve business objectives. Strategic risk can also be the outcome of a failed plan or having no plan to achieve stated business objectives. The findings of the study show that more companies are integrating strategic risk analysis into their overall business strategy and planning processes (Deloitte, 2013).

3.2.3 Compliance risk

Risks associated with compliance relate to legal and regulatory company policies or those linked to best-fit practices. These may include regulations such as those made by the Occupational Safety and Health Administration (OSHA), or environmental concerns, e.g., those covered by the Environmental Protection Agency (EPA) or Employment Rights Act. Compliance risk is the threat to a company’s earnings or capital as a result of the violation of non-conformity to laws, regulations or prescribed practices (Foorthuis, 2012). Businesses that fail to comply with the necessary standards may be subjected to fines, payment of damages, and void contracts.

3.2.4 Operational risks

Operational risks are those risks that affect an organisation’s ability to implement its strategic plan (Deloitte, 2013). Operational risk is the possibility of loss arising from inadequate or failed systems or policy procedures, employee errors, fraud or other criminal activity (Sundmacher & Ford, 2004).

3.2.5 Reputational risk

Reputational risk is the possible loss of an organisation’s reputation. Based on the available research, reputational risk has no established or universally accepted definition. Academic and business thinking related to this subject continues to evolve. Within insurance underwriting, community risk is linked to liability risks, but with a caution: the risk is highly variable, and the period of the risk event/loss event is difficult to pin down economically (Ching, 2015).

In 1995, the Federal Reserve System of the US defined reputational risk as the potential that adverse publicity toward an institution's business practices, whether true or not, will create a decline in the customer base, costly litigation or declining revenue'. In such instances, the definition points to the possibility of hard data from which basis and duration can be calculated (Ching, 2015). Reputational risk and liability/culpability risk are relevant from the perspective of the individual and corporate perceptions of vulnerability, giving rise to a range of coping strategies that are of relevance from the perspective of organisational culture (see Power, 2004).

The financial investment risks examined in this study are within the short-, medium- and long-term range, together with other related risks such as operational and reputational. These are selected because the overriding evidence is that they represent the foundation of the risk management strategy of many businesses. Also, an individual's orientation to risk varies concerning financial investments (short, medium and long-term), individual career/company reputation, and operational strategies. To better appreciate the type of investment decisions that are made by organisations, it is imperative to understand the decision-making processing models used by organisations, the prevailing organisational culture and investment climate as well as the attitudes and behavioural disposition to risks.

3.3.0 Decision-making processing models

Most management theorists and practitioners, i.e., Drucker (1954), Simon (1964), and Bernard (1938), share the view that the primary function of managers is making decisions on behalf of their organisations. The process of deciding rests on choosing between two or more alternatives deemed necessary to accomplish set objectives. The managers are making routine decisions that arise from the organisation's policy and strategic objectives related to environmental factors. Most of the management decisions are usually influenced by internal and external constraints. As the business climate is continually changing, and the information is sometimes incomplete and may not be available, management decisions are often made against conditions that range from certain, to a degree of certainty, uncertain, and risky.

Making a decision implies following: a set of principles that supports the idea of adopting a philosophical approach to management (Petrescu, 2012); the appropriate behaviour at the organisation; and any ethical consideration all managers should consider. The three elements of morality in the decision-making process are moral recognition, evaluation, and noble intention and action (Baumhart, 1961). These principles refer to a type of behaviour that promotes compliance to their direction and transparency, and vigilance against those who contravene the code of business conduct, e.g., taking bribes, secret negotiations, and conflict of interests. Casali (2007), Pimentel et al., applying new approaches to management decisions in organisations, have triggered new dimensions in management theory, based on increased resourcefulness, creativity; organisational change; and learning organisational culture and development factors. There are several models of decision-making, and four of these models are selected for discussion.

3.3.1. Rational model

This model follows a logical path to maximise the value and profitability of organisations (Kinicki, 2008). The model assumes people follow a rational method while making their decision. The steps to be followed are these: a) define the problem; b) determine the solutions and alternatives; c) select the best available alternative; d) implement the best-suited solution.

The assumption is that people are capable of choosing the most effective outcome that maximises utility; essentially gain. Rationality among members results in a coherent and unified organisation that tries to maximise the value and meet a set of goals without giving rise to any internal conflict in the organisation guided by rational policy directives (Kinicki, 2008). This type of organisation will have centralised power, harmonious relations among members, consistency in achieving goals, efficient members capable of choosing the best alternatives that would maximise the value of standard and unique sets of objectives of the organisation.

This model has several limitations, such as not having enough information that is crucial and relevant to the problem. A problem can also change during a short period. In the real world, the goals of an organisation may not align with those of involved group members in the organisation. As there are different individuals in affirming, they have their views, desires and objectives, which may not be appropriate and crucial to the organisation. It is possible for them to work against the company; the same individuals will try to maximise their goals rather than those relevant to the organisation.

3.3.2 Normative model

The normative model presumes that managers and leaders are faced with a particular set of constraints and difficulties while making decisions (Kinicki, 2008). These constraints are, for example, individual or environmental factors such as complexity, uncertainty and risk, time, the inadequate supply of resources. These factors have the potential to minimise the rationality of the model. Also, decision-making is depicted by a) a limitation in the processing of information, thus creating a threshold limit that manages the flow of information administered by a person; b) judgmental strategies, like many shortcuts being used while making decisions; and c) choosing those solutions or alternatives that may require the least inputs and resources but are necessary. It enables the leader to analyse the situation and determine the level of appointment. A normative decision-making model is perhaps the best option for making quantitative judgments (Vroom & Jago, 1988).

3.3.3 Administrative model

The administrative model is a more realistic description of the decision-making of an organisation. Based on this model, decision-makers are motivated differently. Incentives are a significant factor, but people try to take shortcuts to find solutions that may be acceptable by those involved because of limited time. Here, the decision-maker may not focus on optimisation but on merely satisfying, e.g., selecting an alternative with a higher value than the acceptable value based on a specific limitation. There is an added benefit if the cost of putting off the decision or searching for alternatives will have higher expected payoffs from another superior alternative that is comparatively lower. Once the decision is taken and implemented, if it produces acceptable outcomes, the organisation establishes policy procedures. These now become the rules and regulations to guide managers to save time and achieve some level of consistent application across the organisation. Policy procedures are not always time savers. Problems are varied in the several departments of an organisation, which comprises their goals and priorities. These goals and priorities do not necessarily align with the overall objectives of the firm. Therefore, one can refer to organisations as a group of loosely attached sub-units having separate goals and priorities, and different policy procedures, with each having different sets of measures to apply.

3.3.4 Ethical model

The ethical decision-making model (Ethical Model, 2013) consists of several stages.

a) The first is to identify the problem and determine whether it is ethical, legal, moral, or a combination of any two— the nature of the problem and the stage, i.e., beginning or latent.
b) The second step is to look out for potential issues, analyse the issues, including the rights, duties, welfare of all persons, those involved and those who are influenced by the decision.

The evaluation of decisions that can enhance the welfare of persons or pose a threat to them builds an environment in which persons can find solutions to their queries and apply the necessary procedures to handle the issues.

c) The third step is to review significant ethical codes.
d) The fourth step is to get an understanding of the laws and regulations relevant to the issues and situation, i.e., seeking advice from the experts who are equipped with knowledge about ethical issues.
e) The fifth step is acquiring consultation from professionals who are equipped with knowledge about ethical issues. One can involve the client in the consultation process.
f) The sixth step considers all the possible and probable courses of action by evaluating ethical obligations and all possible alternatives systematically.
g) The seventh step is to analyse the possible consequences of decisions before implementing them. Evaluate the consequences affecting individuals, customers and the organisation as a whole.
h) Finally, the last step is choosing the best alternative after gathering all the information and evaluating it. At this level, one must consider all the possible solutions. Ask for feedback. It is not essential and necessary that every decision-maker implement the same course of action in a particular situation (Miller & Davis, 1996). Following a systematic model will help to provide a professional explanation for the chosen plan.

The most effective decision-making model from the above seems to be the ethical decision-making model. Business ethics are an essential part of work and management at all levels in an organisation (Ferrell, Fraedrich & Ferrell, 2012). It is imperative for companies to establish a code of ethical conduct for more clarity and transparency in financial reports. Ethical culture is often used as a mechanism to check whether the response to an ethical issue is right or wrong by an organisation (Ferrell, Fraedrich & Ferrell, 2012). Business ethics are linked to the performance of an organisation. They have several benefits, such as improving the operations of the firm; increasing the commitment of employees; gaining customer trust and satisfaction; improving financial performance and the positive attitude of investors; and offering competitive and equitable salaries and a safe working environment (Mishra, Dalvi, Sahni & Verma, 2008).

There are different views of the corporate governance structure in organisations (Ferrell et al., 2012).

For some organisations, it is the profit maximisation of shareholders; for others, it is following social norms and expectations. These two models of corporate governance are known as the stakeholder and the shareholder models, respectively. Many ethical issues have and continue to emerge in business Organisations, such as mismanagement and the misuse of company resources; offensive behaviour; internal conflicts; lying or hidden motives; fraudulent crimes; bribery; partiality or biased behaviour; sexual harassment; environmental concerns; and financial misconduct (Ferrell et al., 2012). Therefore, ethical decision-making models are required to solve these and other issues and increase organisational performance.

One can claim that the ethical model is the best decision-making model because it has little or no shortcomings. The result is a fair outcome provided that the decision-maker is following a systematic approach for decision-making. This model helps an organisation adhere to its ethical values and prevent misconduct. It creates employee satisfaction by offering more than a liveable salary and a safe working environment. It helps to increase employee loyalty toward the organisation since employees observe the organisation fulfilling its obligations and commitments. Regarding the case of the collapse of CLICO in Trinidad and the Eastern Caribbean, managers' character and integrity are vital to holding the ethical values of a firm together. Not only this, the positive character and integrity of managers increase customer satisfaction and loyalty. They help in maintaining the right brand name and increase the willingness of investors to invest in businesses. In organisations, different groups make frequent and high-risk decisions as well as a series of low level but interconnected decisions. These are part of a collaborative effort within the decision-making process. Day-to-day and low-risk decisions are expertly handled by individuals or working groups.

Despite the ethical model being adjudged the best, in the real world of business, there is not a one-fits-all model. The conclusion from the Royal Society (1992) studies is that no single paradigm or perspective brings enough to the table alone. Consideration should, therefore, be given to "individual differences", cognitive and social-cultural insights. The choice of model should consider the relative salience of situations versus individuals as drivers of behaviour in the decision-making process in organisations.

3.3.5 Group process effects

Groups are two or more people; these are considered participatory and lead to collective decision-making. The decision-making process is dependent on the social influences that are needed to shape decision outcomes. There are some potential strengths and weaknesses in group decision-making. Two strengths would be the sharing of information (e.g., knowledge and experiences of group members) and group synergy (i.e., relying on the influence of many minds focusing on one decision). A significant weakness in group decision-making is the dispersal of responsibility and inefficiency.

There is the potential for group decisions to be affected by social elements influencing the process through which decisions are made. For example, decisions may be reached by consensus or by a majority-rules approach. Group decisions may be slower than individual decisions because of the time required for coordination, participation and discussion among members. It is essential for the meetings to be adequately facilitated and structured to avoid delays. Additionally, the style of leadership assumed by group leaders can have a significant impact on the outcomes of panel discussions.

Cultural orientations, and by extension group patterns and behaviours, are potentially different between individualists and collectivists. The potential for such differences has emerged from some studies that show cultural differences in interpersonal relationships. According to the findings of Hofstede (1981) and Triantis, Bontempo, Villareal, Asai and Lucca (1988), differences in interpersonal relationships between the individual and the group may affect the extent to which group members can engage in risk decision-making under conditions of uncertainty.

The process gains are a result of many varied factors resulting in low, moderate or high risks. One is that when team members interact, they often generate new ideas and solutions that may not exist within an individual (Watson, 1931). Team members are more likely than individuals to notice and correct mistakes that can harm sound decision-making (Ziller, 1957). Group members are likely to have better collective memory, meaning that many minds hold more relevant information than one, and excellent memory, which arises when contact between group members helps the recollection of necessary material (Forsyth, 2010). When individual members of the group share exceptional knowledge, they increase the full amount of data that the team can then draw on when making sound decisions (Johnson & Johnson, 2012).

However, groups can make effective decisions only when they can take advantage of the benefits outlined above; these conditions are not always facilitated in all groups. An example of a group process that can lead to poor group decisions is groupthink, when team members, who may be competent and quite capable of making excellent decisions, might end up making a poor one because of a flawed group process and intense conformity pressures (Baron, 2005; Janis, 2007). Where there is substantial social identity, groupthink is more likely to occur. The cultural issues that underlie the social relationships among members could result in a closed social system upon which the group may rely when full support is needed. One countermeasure is an allocation of duties that may give rise to a change in relationships (Wallach, Kogan & Bem, 1964).

3.3.6 Risky shift

Group camaraderie and a strong sense of shared purpose can inhibit group member' cognisance of and aversion to risk, thus causing greater risk in decision-making by members in group situations than when alone, Based on certain studies (e.g., Kim & Park, 2010; Ronay & Kim, 2006; Hsee & Weber, 1999; Warner, 1995). Gender differences in risky situations may be socially facilitated by the interaction between gender characteristics and group situations that serve to either strengthen or weaken risk choices (Ronay & Kim, 2006). Riskier decisions are liable to be achieved since the results of risk shared causes less perceived risk for the manager. The feeling of not wanting to let their colleagues down may trigger a cautious shift or risk-averse position.

3.3.7 Group polarisation

This is said to occur when, at the end of the discussion, the positions held by the individual team members have shifted and become more extreme than they were before the start of the group discussion (Brauer, Judd & Gliner, 2006; Myers, 1982). Such polarisation may seem surprising given the widespread belief that groups tend to push people toward consensus and the middle ground in decision- making. Group participation may more often lead to a final group determination than individual decision-making. Initially, group polarisation could be observed using problems in which team members were asked to show how a person could choose between a risky, but very confident, outcome and a particular, but the less desirable, outcome (Stoner, 1968).

3.3.8 Individual differences

Studies of the effects of individual differences in making risky choices show that the underlying mechanisms might be variable based on specific, definable traits of the individual (Peters et al., 2006;

Cokely & Kelley, 2009) and the decision context (Pachur & Galesic, 2013). There are claims that specific personality profiles are more disposed to taking risks than others. The balance of evidence suggests that disposition to engage in risk-seeking or risk-averse behaviour owes more to the context than personality traits, e.g., if one likes skydiving, this may well be a poor predictor of conduct regarding risk in other domains. Human resource and recruitment organisations make lots of claims about being able to profile high- or low-risk-takers. Even if it is possible to profile in this way, this is of little value given the much stronger evidence demonstrating that contextual and cultural drivers are a more robust predictor of behaviour in the workplace. Mainstream academics have mostly moved on from the individual perspective (see conclusions of The *Royal Society Review*, 1992). This shift forms part of the reasons for not exploring individual differences in Chapter 4.

The work of March and Shapira (1987) coincided with the earlier results of MacCrimmon and Wehrung (1986). The interviews conducted by these researchers involved 509 managers who were primarily American and Canadian. The researchers found that managers linked the term ‘risk’ to exposure to “injury” or “loss”.

The risk factors examined included: threats from producers and suppliers, the volatility of financial markets, the possibility of changes in government, labour unrest, technological innovation, management inexperience, and insufficient management resources. Two different approaches to the management of risk discovered, among managers, an active and a passive approach. Regarding the passive approach, managers selected only from the alternatives that were available to them. Under the active approach, managers tried to adjust the components of the perilous situation by gaining time, gathering more information, or increasing their control over the decision.

The cost of risk reduction had to be measured against the danger mitigation itself. March (1987) recognised that there were costs associated with gathering, organising and retrieving information. He advised that managers should not pay good money for bad data and that a question should not be asked if the answer was already known. Sometimes there are conflicts of interest between having too much information and too little data, and the information providers had to try to shape the decisions through the efficient management of information under their control. March (1987) suggested that information providers should seek to understand the questions of decision-makers and design a system for the users' needs. For example, if users only understood pie charts and not regression equations, then they should be given pie charts.

Managers who thrive on risk-taking will have a higher tolerance level for projects with more substantial losses and more considerable variability in the payoffs. Also, they will accept projects that give them less control over the outcomes. This is demonstrated by the findings of MacCrimmon and Wehrung (1986), who identified two groups of managers: risk-takers and risk avoiders. MacCrimmon and Wehrung found that risk-takers- underrated the degree of risk involved in a problem and did not try to modify components of a risky decision. They tended to be younger and wealthier, with no dependents and were senior managers in sales and market-oriented companies. On the other hand, the risk avoiders worked in big corporations and had worked for their businesses for an extended period.

3.3.9 Behavioural decision theory (BDT) insights—heuristics and biases

Psychologists' studies reveal tendencies to draw judgements and make decisions that systematically depart from the neoclassical economist's rational choice or expected utility model. However, a full discussion of the challenges BDT has issued to rational choice theory has attracted commentaries from many authors in several books and hundreds of articles in at least four separate academic disciplines: psychology, economics, finance, and behavioural law and economics. Only a concise summary of the assumptions of BDT is offered here, focusing on those findings that are most pertinent to risk decision-making.

The theory is, in the case of uncertain outcomes, that individuals will choose a decision or a course of action that maximises expected utility (by Bernoulli, 1738). The expected utility theory was enhanced by Von Neumann and Morgenstern, who incorporated it into decision theory. The two leading theorists suggested that if individuals' preferences satisfy some plausible axioms completeness, transitivity, continuity, and independence, then the theory can be represented by the expectation of a utility function (Neumann & Morgenstern, 1944). Accordingly, the common rational man of neoclassical economics (the famous 'homo economics') is supposed to act to maximise expected utility, because his/her preferences are consistent and representable in the form of a utility function.

Rational agents are assumed to be indifferent to the choice between receiving a given financial bundle or a gamble with the same expected value. Moreover, where individuals operate under conditions of uncertainty about the results of their actions, they are assumed to be able to assess the probability distribution by their level of knowledge. If new information can be collected from the environment, individuals know the information's possible content (Earman, 1992; Hartigan, 1983) by calculating the probability distribution based on the interplay between the new data's content and their prior knowledge. Namely, people make predictions about future events by using existing or new data, which they process, using it as a basis to calculate the probability distribution of such events predicted by Bayes' famous theorem.

The theory of expected utility is criticised on many grounds (Chew, 1983). For instance, it is debatable whether individuals are sufficiently adept at evaluating their preferences, accurately predicting their future preferences, or even accurately assessing experienced well-being from past choices (Rabin, 1998; Sunstein, 1996).

3.3.10 Prospect theory and its implications

Prospect theory has established the most successful challenge to the theory of expected utility (Kahneman and Tversky, 2002). One critical result of the work of Kahneman and Tversky was illustrating people's attitudes toward risks concerning gains that are likely to be quite different from their attitudes toward risks regarding losses. Having chosen between getting $2000 with certainty or having a 50% chance of getting $4000, they may well choose the certainty of the former over the uncertainty of the latter, given that the expectation of the uncertain amount of $2000. This choice is a liberal attitude that is explained as risk averse. However, based on the findings of Kahneman and Tversky, the same people, when confronted with a specific loss of $2000 versus a 50% chance of no loss of a $4000 loss, do often choose the risky alternative. This act is called risk-seeking behaviour.

The critical thing to note is that choices can be worded to highlight the positive or negative attributes of decisions, thus creating a different appeal. The positive or negative attribute is part of the theory by Tversky and Kahneman, which framed gambles regarding gains or losses (Kahneman & Tversky, 1979). There are three basic framing approaches: 1) risky choice framing (e.g., the risk of losing 10% from a $100 000 investment versus the opportunity to save 90% from the $100,000); 2) attribute framing (e.g., pork meat that is 90% lean vs 10% fat); and 3) goal framing (e.g., encouraging employees by offering a $100 reward instead of imposing a $100 penalty) (Levin, Schneider & Gaeth, 1998). They all speak to the fact that people are inherently loss averse. The effect of framing is noticed when the account of the options regarding gains (positive frame) instead of losses (negative frame) provoke several choices methodically. Therefore, the contextual components of the framing are essential to the ultimate effect.

An outcome viewed as a gain or loss is dependent on the individual's reference point, the one upon which present asset value has based the gains or losses anticipated at the time of the choice. Such outcomes implied that decision-makers are more sensitive to losses than to gains and displays sensitivity to both. People will, therefore, be inclined to opt for a sure gain instead of a risky alternative of equal expected benefit, while the opposite will hold for perceived losses.

Understanding human behaviour regarding risk decision-making is not without its challenges. The challenges have to do with the issue of people making decisions via biased assessments of likelihoods, which may be quite different from the objective or real probabilities if the likelihoods can be established in many instances, they cannot. While many scholars may view prospect theory as making a useful but partial contribution, others may perceive it differently because it is cognitive and focused at the level of the individual. Therefore, social influence (a vital component of this present study) is not considered. The source data used in the experiments by Kahneman and Tversky was hypothetical and, for the most part, contained choices between known outcomes. Most real-world decisions embody choices between results, the probabilities of which are unknown and, often, unknowable.

Psychologists' view of risk is based on the notion that loss- aversion manifests itself in the form of 'regret' (Kahneman & Tversky, 1979). This concept suggests that decision-makers tend to follow simple heuristic rules of thumb when evaluating risky situations. These heuristics may generate identifiable bias in the decision-making process. For example, a person's approach to risk-taking today is likely to be reflective of his/her most recent successful/unsuccessful experience of the decisions made in similar situations. This notion was thoroughly examined in the development of prospect theory by Kahneman and Tversky (1979, 1981, 1992, & 1984). The theory advocates the separation of the choice process into two stages: in the first stage, the menu of available options are framed and edited in line with the decision-makers perceptions; in the second stage, these prospects are evaluated by the decision-makers' subjective assessment of their likelihood of occurrence. The highest expected outcome is selected (Kahneman & Tversky, 1992).

Kahneman and Tversky developed their theory by first examining the preferences of individuals for positive results over risky prospects involving a gamble (even with positive results). They gave the example of a choice between a) a positive gain of $1000 and b) a gamble that offered some probability of a more substantial gain, such as $5000, with a likelihood of no gain at all. When faced with this choice, they found that most individuals were risk-averse and chose the guaranteed sum. They then considered risky prospects that involved both positive and negative outcomes. The psychologists suggested that the pleasure of winning a certain amount of money was much less potent than the pain of losing the same sum of money (Kahneman & Tversky, 1992)—individuals were again found to be risk-averse. Accordingly, people were more disposed to accept a gamble with an even chance of a gain or loss. For example, they cited a gamble where a majority of decision-makers considered a 50% chance to lose $100 was unacceptable unless it was matched with a 50% chance to gain $200.

3.3.11 Implications

Sullivan (1993) investigated the impact of prospect theory on managerial practices. The views of Seventy-two corporate financial managers who worked in small- to medium-sized firms in Boston, Massachusetts, found that across a variety of investment choices, the managers displayed a tendency toward risk avoidance. However, where the choice involved financial losses or performance that was well below a reference point, then the managers exhibited some risk-taking behaviour. She also found that attitudes to risk were influenced by the context of the decision choice.

When alternatives are present regarding gains, managers tend to avoid risk, but if a problem regarding losses is introduced, the managers become bolder in their decision options. Information about prior outcomes affected decisions, with news of recent prior losses lowering the manager's willingness to undertake similar risk decision-making in the future. Behaviour was also influenced by the joint consideration of current and future levels of performance. She pointed out that though managers sought risk when the company was facing small losses, they switched to being risk-averse if these losses were potentially ruinous and might endanger the survival of the firm.

In Shapira's (1995) study, fifty managers were interviewed about risk decision-making. Shapira concluded that managers, at best, take an educated guess of what outcome is likely to follow and what could be done to remedy a negative result. He found that managers did not focus on the risk at just one point in time but considered some ways to change a course of action leading to an undesirable outcome, or how to remedy a wrong decision. Managers sorted outcomes into a few alternatives and examined the worst of these. If the worst option were found not to be an acceptable alternative, the risk proposal would drop.

Sutherland (1992) summarised many of these and other factors, which highlighted many real-life situations illustrating the biases that individuals can unknowingly display when faced with decisions. She offered advice on how to avoid making inappropriate decisions, including:

a) Never base a judgment on a single case. Sutherland did not point out, however, that while this advice might be theoretically correct, from a pragmatic perspective, there are instances when a single case might be the only reference point upon which to base a judgement, and that would have to be enough.
b) Always suspend judgment until the end. The issue here is that regardless of how compelling preliminary evidence might be, it is essential to have all relevant information analysed before arriving at a decision.
c) Avoid obtaining information that will bias the decision.
d) Do not pay more attention to tradition than to make the right decision.
e) Do not refuse to look for, or to believe, contradictory evidence (for example, Pearl Harbour – thinking that it cannot happen).
f) Information given about something implausible will often be given more credence if told at the same time as something plausible.

Much of the above advice may relate to decisions that are not the product of an individual but the group process. Within the group context, the desire for conformity may result in an irrational decision-making outcome. There is the potential for members to reach a consensus without the critical evaluation of other viewpoints. The fear of the changing aspects of dysfunctional groups to avoid controversial issues or other solutions may adversely impact individual creativity and independent thinking within the process.

3.3.12 Heuristics and biases

An essential aspect of prospect theory is that it can go some way towards explaining why people make non-rational choices depending on how the options are expressed. The theory can accommodate the effects of problem description or frame (Kahneman & Tversky, 1981; Tversky & Kahneman,1986). This aspect refers to the fact that the way an issue is presented to the decision-maker can influence options selected in predictable ways. It means that individuals’ choices can be manipulated depending on the way relevant information is presented and the decision-making model used.

The effect of framing is most potent among the less sophisticated members of any group (LeBoeuf & Shafir, 2003). However, even mindfulness is not enough to counter the influence of framing; mindful individuals are still in need of an essential clue to unravelling its impact. The assumption that preferences are not affected by variations in the unnecessary features of options or outcomes namely, that choice is independent of the problem description or representation, called extensionality (Arrow, 1982) or invariance (Tversky & Kahneman, 1991) is an essential aspect of rational choice theory.

Heuristics and biases, as shown in the pioneering research of Kahneman and Tversky, have demonstrated that people’s judgments originate in impressions as well as in careful reasoning. Namely, individuals make decisions using automatic processes (perception), cognitive processes (intuition), and controlled processes (reasoning) (Kahneman, 2002). The processes of intuition are called heuristics or rules of thumb (Kahneman & Tversky, 1974).

While heuristics are cognitive processes, biases are the results of the use of heuristics when they lead to (a) ‘systematic errors in estimates of known quantities and statistical facts’ (Wilson & Smith, 2013) and (b) systematic departures of intuitive judgments from the principles of probability theory. Arguably, cognitive biases are the result of the evolutionary nature of human intelligence (Haselton, Nettle, Andrews, 2015).

Under wide range of circumstances, heuristics serve us very well. They are essential features of how people deal with complexity; we cannot manage without them in day-to-day tasks (such as driving motor vehicles). People depend on a limited number of heuristic principles that lessen the problematic jobs of assessing chances and foretelling values to more straightforward judgmental activities. Heuristic principles are quite useful, but sometimes they lead to severe and systematic errors. The ambiguous outcome of the use of heuristics is noted by Kahneman (2008), who has observed that he and Tversky failed to stress that heuristics are likely to lead to errors regarding the accuracy of assessments. Research into the various functions and characteristics of heuristics is ongoing and is marked by endless controversy and discoveries (Kahneman, 2002). As a result, the relevant literature is vast and growing.

There are limitations to these theories. The assumption is that individuals' capacity for processing relevant information relating to decision-making is limitless (Mishra, 2014). Contrary to this, researchers have argued that a deliberate integration of all information is cognitively purposeful and that individuals instead rely on simple short-term strategies, so-called heuristics (Simon 1955, 1956, 1990). Based on this idea, many scholars have attempted to illustrate risk decision-making (Thorngate, 1980; Brandstätter, Gigerenzer & Hertwig, 2006; Payne et al., 1993).

3.4.0 Cultural and social insights

Cultural theory is an interpretation of how and why people come to judge the types of risks inherent in danger, pollution and threat. One objective of the theory is to demonstrate that such judgements are formed within the social context of societies. This is part of an evolving social debate about the rights of and justice for those affected by damage sustained or loss of peace of mind. The debate is also about responsibility and accountability.

Managing the impact of culture on work-life is a major task for managers and employees alike. With insight into the relevant theories and knowledge of certain research-based concepts, one can better understand existing cultural and social issues one can develop an operationalised approach to gain tangible and practical tips to create a culture to more align with organisational objectives (Hofstede, 1980).

Cultural theorists argue that social debates about risks should not be focused on apprehensions about safety but should instead show how the latter is part of the issues connected to power, legitimacy, justice, and fairness. Among the substantive topics of risk, cultural theorists have also provided some normative guidelines that underscore the significance of the procedures through which risk decision-making are made.

Essentially, cultural theory advises that the opinions of any individual on issues be moulded by the following: the make-up of social groups with which they are associated (i.e., diverse groups of organisations), fellow team members' influences, or another sphere of influence to which individuals may be subjected. Therefore, attitudes and judgements regarding risks, as well as the pattern of social justice and the responsible government, set social relationships, e.g., the value systems of people and their expectations belonging to a unique group.

Some scholars argue that organisations generally do have different structures; these may be autonomous or hierarchical. In autonomous structures, managers are encouraged to develop their ideas and act upon them (Sagiv & Schwartz, 2000; Sagiv & Lee, 2006). Cultural hierarchy, on the other hand, depends on systems to assign roles to guarantee responsible and productive behaviour. People are therefore inclined toward hierarchical distribution with the rules and obligations attached to their assigned roles.

In hierarchical cultures, organisations do construct levels of authority, where assigned roles are expected to be defined, and members are expected to adhere to role obligations and not to put individual interest above those of the organisation (Sagiv & Schwartz, 2000; Sagiv & Lee, 2006). However, informal groups do exist, and these have personal rules and procedures that dominate organisations, society, culture and behaviour that have the potential to influence and change the future of an organisation or society. For example, the new managing director of ABC Company was of the view that the essence of effective teamwork was the sharing of information, openness and honesty, and having mutual respect, which, he lamented, was absent. At his first meeting with his management staff, he committed to getting all employees to work as one team and dedicated his leadership to this purpose.

He asked his managers to hold him accountable to those principles throughout his tenure. After 18 months, there was a remarkable transformation among the managers and their teams, culminating in the organisation's renaming itself the ABC Team. People grew comfortable with not only sharing more information, but staff members became more open with each other. This turnaround evolved over 18 months in reaction to the modelled behaviour of a new management edict. The challenge regarding social norms often reveals itself when groups with different beliefs of social norms collide, or when groups who should be cooperating lack the realisation of a difference in social norms, thus causing undesirable disorder and complexity. Therefore, it is of great value to consider the significance of social rules and the effect of these rules on an organisation.

In social psychology, the normative conflict model (NCM) hypothesises the circumstances by which members may dissent and go against established rules for the greater good of a social group (Packer, 2008). The model focuses singularly on the actions group members engage in while being a part of the informal group settings. In explaining constructive dissent, Packer (2008) advised that different levels of identification and normative conflict can predict group members' behaviours. Normative conflict occurs when there is a known or perceived difference between an existing standard in a group and other standards of conduct that a person might have (Packer, 2008).

Due to cultural diversity, managers may sometimes be faced with individuals who differ in their thinking, perceptions and interpretations of the world, preferences, and prized values. Some managers may inquire into the most fundamental theories underlying managers' decisions and style. For example, managers from non-Caribbean backgrounds may reject local managers' beliefs regarding the preferred type of work relations between management and employees, the structuring of workstations, and an efficient way to socialise with fellow executives.

Douglas and Wildowsky (1983) argued that notwithstanding the increasing number of scientific methods and reasonableness in today's world, an array of dangers and the sharing of blame remain politicised, and the risks are as high as ever before. The heuristic model developed by Douglas and Wildowsky (1983) seeks to account for the differences in a social organisation of groups within societies across time and space and subcultures. They posited that the social organisation could be categorised into four 'worldviews' those of fatalism, individualism, hierarchy, and egalitarianism each contributing to societal order.

Fatalists: risks faced in the world today are seen as part of an increasingly sophisticated form of advanced living, which overwhelms the ability to appreciate the logic of it. One can be pessimistic about any beneficial changes that are likely to occur regarding public health and other risks in the world today, and the possibility exists for mistrust toward the statistics presented.

Individualists: the focal point of this issue is personal responsibility regarding the gathering of the correct information and the preservation of social networks. Responsibility is transferred to the individual level, where collective action is possible, but conventional mechanisms of operation are to be maintained.

Hierarchies: risks are seen as being part of a set of global institutional frameworks, rather than in terms of personal lives, and people have the right to be informed truthfully about the risks they face. Honest reporting and a gathering of knowledge on a trial-and-error basis gained from experience are essential characteristics of honest risk communication.

Egalitarians: risks are rooted in an unfathomable set of social concerns, and the current methods of risk management and communication in society are intensifying rather than diffusing these concerns (Tansey & Oriordan, 1999). To change the ways risks are handled, society must first change structurally. Therefore, democratic processes and public participation have to be part of the course for it to happen.

Cultural analysis of the social and cultural systems of the world provides a set of judgements about the fairness and reliability of communication about risk, and about how the provision of risk communication should be handled as it relates to trustworthiness. Putting these together is complex but provides a predictable basis for communication and establishing regulatory risk institutions.

Political and social actors present their hypotheses about essential plans of action, despite the many dangers of ignoring cultural biases. Group analysis can be related to numerous situations, such as financial regulations, economic and political debates, and nuclear power. The theory implies that all nations are subject to one worldview culture broken down into four different quadrants, as explained above. Such a view may seem rather limiting, given our self-professed complexity as a species.

3.4.1 Criticisms of cultural theory

One criticism of social culture theory is that there is a doubt as to whether there is a holistic understanding of the nature of an individual who has free will. There appear to be some limitations to the application of the typology and psychological theories of how different personality types might gravitate toward one kind of social context or another. Neither does the theory explain how economic inducements or poverty influence people to change their social organisation (Gross & Rayner, 1985). Thirdly, the typology lacks dynamism it is stagnant and, as such, is unable to demonstrate how the process of change will work. Finally, the 'worldview' theory is seen by some scholars as an independent analytical tool and is therefore mainly of heuristic value. Perhaps if it were designed to be applied to social environments, rather than to societies, it would be able to affect the entire social system.

There are contributions from social theorists on risk perceptions that go beyond the technical properties of the issue under consideration, namely, affective reactions, shared beliefs, and sub-cultural differences. Most of these contributions relate to public perceptions of risk and, in some cases, impact organisational and management culture, mainly when a business or sector is in the media spotlight for the ‘wrong’ kind of reasons. A case in point is the alleged inappropriate sexual conduct affecting politicians, entertainers and the media business in the United States of America. Other examples of public perception of risk include railway safety, social services for children in the United Kingdom, and the Transport Board services for school children and the elderly in Barbados. A relevant and topical issue in most Caribbean islands in 2017 was how perceived vulnerabilities within organisations and among managers arising from media, judicial and regulatory attention could impact on risk-management culture. Such an impact has given significant rise to risk aversion, not just with concern for collateral damage but also self-preservation. Such collateral damage is referred to as primary and secondary risk management (Power, 2004). There is further evidence of such an impact on management style (see Hofstede 1980).

Although the health and safety culture and climate risk objects are different to financial/investment risk, the insights into the workplace (health-and-safety) culture/ climate are similar, concerning insight into subcultures and acceptable risk-taking and risk-averse norms. Chauncey Starr (1969) identified a distinction between voluntary and involuntary exposures to risk as a significant determinant of how people assess the social costs of technological developments. Psychometric research has added to the list of variables and appears to have influenced how the public forms judgements related to different types of risk, e.g., the issue of marijuana extracts to treat illness and other conditions.

William Freudenberg and Susan Pastor advised that a sociological perspective on the risk debate needs to be sensitive toward the ‘objective’ characteristics of risk. A sociological perspective is a form of ‘political rationality’ that aims to portray public protests the trustworthiness of technical experts as either irrational or ill-informed (Freudenberg & Pastor, 1992). Psychometric researchers tend to treat respondents as separate individuals, having little regard for the socio-demographic characteristics of their sample groups (Cutter, 1993). Variables such as age, gender, occupation, ethnicity, nationality, and geography may have a significant bearing upon how people identify and judge the severity of the risks they face (Bellaby, 1990; Cutter, 1993; Dickens, 1992).

Another concern about socio-demographic relates to the questioning of respondents about risks: their claims may not always correspond with those identified by researchers. For example, there is growing evidence to suggest that the types of risk identified by researchers are biased toward male experiences. Studies using more qualitative methodologies indicate some significant gender differences in the perception of health and environmental risks (Cutter et al., 1993; Wilkinson, 2001).

Finally, there appears to be no agreement upon the meaning of risk perception (Coleman, 1993). For example, researchers have tended to equate cognitive judgements with emotional responses, so that a risk perceived as severe is also held to engender 'worry'. Sjoberg suggests that the momentary act of filling in a risk questionnaire makes people feel more worried about hazards than they would outside the research setting (Sjoberg et al., 1998).

3.5.0 Cultural differences

Differences between cultures and the outcome of underlying values cause employees/communities to behave differently in the same situations (Cateora, Gilly & Graham, 2011). Defining the work values of a culture is fundamentally based on the differences in values and beliefs. One can use Cultural differences in work values to illuminate differences in individual performance and foretell job satisfaction (Matic, 2008). According to Locke (1976), work values are a person's desires (consciously or subconsciously) to achieve individual or collective work activities. Chen (2008) saw work values as the underlying preferences and opinions that should satisfy a person's career choice. Many managers today who are exposed to multi-ethnic and multiracial business organisations often encounter cultural differences, which can interfere with the risk decision-making process within organisations. There are two cross-cultural studies conducted by Hofstede (2000) and Trompenaars (2000). These two approaches proposed a set of cultural dimensions, along with robust value systems. Such value systems are likely to affect the thinking, feeling, actions, and behaviour of people within organisations in predictable ways.

There are some examples of successfully managed cross-cultural projects internationally. Despite the reported individual differences in, for example, the Year 2000 (Y2K) projects conducted by public and private organisations around the globe, multicultural teams cooperated in preparing computer systems, old software code, telecommunications networks, embedded systems, and other infrastructure for the millennium date-change programme.

There are also examples of failed cross-cultural international projects, due mainly to language differences creating problems in cross-cultural communications. One conclusion from the findings of Ozdasli's (2015) study is that the socio-culture influences managers' risk decision-making. When matched with the findings of other studies on the same issue, substantial differences were discovered, in addition to some similarities.

In a study comparing Australia's and South Korea's cultural differences in attitudes and choices regarding risk, Australians were individually assessed to have a higher preference for risk than South Koreans, regardless of gender. The study also showed that South Koreans, regardless of gender, were keen to take more risks when involved in group decision-making situations than when they were alone (Kim & Park, 2010).

The study further revealed a different configuration from that seen in the Australian sample, in which a risky shift was recognised only among males. This difference in the Australian sample was due to the influence of various cultural orientations (the dynamic at play was independent versus interdependent relationship styles). One explanation arising from the above is that Australians and South Koreans have differing socio-cultural backgrounds and experiences.

3.6.0 Organisational culture and climate

3.6.1 Organisational culture

Organisational culture and climate are two constructs for conceptualising how employees experience and describing their work settings in work organisations. The culture of organisations can be defined as the philosophy, values, experiences, and expectations that hold them together; it is expressed through people's behaviours, and attitudes inside and outside of the workplace. One can argue that the culture of an organisation is embedded in the behaviour of its members (leaders and employees), which show the 'personality and character' of a particular organisation. The unique culture of an organisation creates a distinct feeling among the people who work there, and the atmosphere generated by this feeling is known as the climate of an organisation (Schneider et al., 2011).

Hence the culture of an organisation is likely to be different from other organisations. Accordingly, there are different types of organisational cultures (e.g., normative/corporate, adhocracy, market-oriented, and clan). However, for this study, the normative type is examined because it best explains the relationship between the organisational culture and corporate performance as well as how culture in Caribbean work organisations manifests in managerial leadership behaviours, communication styles, financial investment decision-making strategies, and the risk attitudes of employees.

There are many research studies on the direct relationship between organisational culture and corporate performance (e.g., Denison 1984); Kotter & Heskett, 1992; Calori & Sarnin, 1991; Denison (1984) established a positive relationship between high-employee-participation culture and corporate performance. The study by Kotter and Heskett's findings can be categorised as contingency and universal models, respectively. The contingency model is for better performing organisations that have strong cultures, but only if the culture fits the organisation's environment. Furthermore, the better performance is sustained over the long run only if the organisation's culture contains change values leading the organisation to continually re-adapt, culturally and otherwise, to its environment. On the other hand, the universal model indicates that for an organisation to perform well in the long term, it must have a culture whose values emphasise care and concern for customers, employees, and stockholders. Their study would have far-reaching effects both for its idea and methods (linear regression, and comparison between companies with a healthy and those with unhealthy ones). See Hofstede's cultural dimension theory.

In the normative type of culture, the norms and procedures of an organisation are predefined, and the policies and procedures are the guidelines governing employees' behaviour. Although employees are always expected to adhere to the policies and procedures (written or unwritten) of the organisation. If employees perceive or feel doing so will be to their disadvantage, they are likely to offer open or silent resistance. This type of culture may not encourage innovative or creative actions and may make thinking outside of the box, difficult for the risk-taking or risk-averse manager.

Since the early days of the capitalist system (mid-19th century), managers have been searching for effective techniques to control their employees' workplace activities. For many years, the normative culture has been changing in alignment with economic conditions, technology, and business activities. Edwards (1979) in his book suggested that many large organisations had shifted their strategy from pure normative control to technical and bureaucratic administration, because of the increasing need for efficiency and productivity (Barley & Kunda, 1992; Edwards, 1979).

Influenced by anthropology and sociology, normative culture came to prominence in the 1980’s and entered managerial discourse (Barley & Kunda, 1992). After that, managerial interest in building normative cultures created a proliferation of organisation literature ranging from research studies to professional journals and business magazines and management books (Barley & Kunda, 1992). Deal and Kennedy (1982), Peters and Waterman (1982), and Ouchi (1981) encouraged business managers to cultivate the kind of cultures that develop loyal, devoted and diligent team members (Barley, 1992). It is argued that normative cultures are based on principles such as autonomy, cultivating workplace values, employee motivation, organisational commitment, and team building. These principles are the keys to success in contemporary business (Peters & Waterman, 1982). It should be understood, though, that the successful application of these principles’ rests to a large extent on the situational factors and the abilities of team members to act in compliance. Reference is made to the Enron scandal, WorldCom accounting scandal, and the subprime mortgage crisis in the US.

Normative culture has been regarded as an essential means of controlling activities in the workplace. Cultural management’s increase in popularity has marked the point of departure from classical to contemporary management philosophy in the last two to three decades. For a student of corporate culture, there is much interest in the form of normative control. Some people may argue that building culture helps to cultivate a collective sense and purpose among team members (Fleming & Stablein, 1999), and to tie together their commitment to efficiency and productivity. The likely outcome is that members are more inclined to share their experience and knowledge with their colleagues, providing more cooperation and share accountability (Cadwell, 1997).

Fostering teamwork requires the manoeuvring of team values, norms, and beliefs so that employees become more loyal and dedicated to the team and organisation (Fleming & Stablein, 1999). This manoeuvring is attained through planning workplace activities, such as daily communications to corporate meetings and training sessions. However, though it is the managers’ responsibility to determine how work activities are performed, the employees are responsible for maintaining those activities (Cadwell, 1997). The team values are learned through team members' participation and socialisation. The assumption is that if members internalise these values, they will discipline themselves and thus restrict the level of managerial control.

Although corporate culture is useful in fostering team spirit in work organisations, managers and employees experience intense peer pressure among themselves (Ezzamel & Willmott, 1998). Members are under unceasing supervision by their peers as well as to actively monitor their team's functioning (Ezzamel & Willmott, 1998). Internal competition among colleagues is sometimes healthy. However, team members do not always get a sense of empowerment, ownership or participation; instead, they often experience fear and pressure, ambivalence and anxiety (Kunda, 1992); Casey, 1995).

The absence of empowerment may lead to employees' opposition to managerial team-building practices in the workplace. Based on the given situation, the strength of their resistance may range from a simple tactic of indifference to an active attempt to influence the flow of information. These issues challenge the ideological presumptions of team culture as a form of normative control, raising misgivings about its usefulness. Moreover, they evoked a desire to think about team building in the context of the Caribbean, as current research in this area is primarily conducted in most large corporations in the US and the UK. The apparent focus further stimulates an interest in finding out how the American and English knowledge may be applied to understanding Caribbean people in the workplace. There are some basic, recognisable differences between American, European and Caribbean cultures based on historical background and levels of development; but cultural differences cannot be reduced to a simple distinction between the Caribbean, a region of small developing island states, and the two most potent developed regions of the world.

The uniqueness of the Caribbean gave rise to questions about the typical American and European view of the ramifications of team culture. It forces the question for the employee in the Caribbean: What are the likely problems when trying to make sense of the employee based on American/European models? Is the team-culture affect the same on the Caribbean employee as it is on the American or European? To address these questions, studying the practice of culture in multinational corporations yielded two key observations. First, these corporations were able to create a community culture within each country site's office based on their overarching policies and regulations. Second, there was nevertheless a significant challenge to establish and maintain a normative culture within the country site's offices that was adaptable to create consensus.

3.6.2 Organisational climate

Organisational climate is about the perceptions and feelings of employees regarding the culture of the organisation. The climate of an organisation may frequently change as a result of the direct influence of top management. How employees feel about the climate tends to influence their attitudes and behaviour. To kindle employees' drive and sense of ownership, managers need to understand and develop a framework and feedback mechanism that fosters a positive organisational climate.

Litwin and Stringer (2001) pointed out that leadership style is a critical factor in the creation of a positive organisational climate. According to Litwin and Stringer, a manager's behaviour accounts for more than two-thirds of the variability of climate based on lower anxiety, creating a sense of confidence and security. By communicating realistically, managers build trust. Moreover, managers acknowledge what urgent action is necessary by focusing team members on the most meaningful goals.

Leaders are expected to have the influencing and motivational skills required to improve their company's climate. Such skills should involve the ability to develop measurable workforce dimensions to increase the clarity of company goals, thus facilitating and encouraging employees to adopt a commitment to said goals. This involves setting high standards and helping staff to meet them through empowerment and providing recognition for their success. Many researchers and scholars have cited a direct correlation between a company's organisational climate and its financial results, e.g., sales revenue, operational growth, efficiency, and profitability. Further to this, the organisational climate represents a high percentage of the factors that influence the success of any company as well as contribute to risk levels. In other words, companies that develop a positive organisational climate as part of their strategy have a significantly better chance of creating an effective decision-making risk climate.

Corporate encouragement for creativity refers to several aspects. The first is the encouragement of risk-taking, a valuing of innovation from top-tier management to the first-line supervisor. The second refers to fairness and the supportive examination of new ideas. The third aspect of organisational encouragement concentrates on the rewarding and recognition of creativity. In a series of studies, Amabile et al. (1996) showed that when a reward was received, it was perceived as a bonus, or an affirmation of one's competence, or a means of enabling one to do better. The final aspect refers to the vital role of a collaborative idea which flowed across the organisation, through participative management, and of a decision-making process that stimulates creativity. Management encouragement stresses the aspects of clarity in goal setting, open interactions with team members, and perceived management support.

Litwin and Stringer opined that an organisational climate is impacted by the organisational structure (including rules and regulations), individual responsibility, incentives, risk and risk-taking, tolerance, and conflict. Schneider and Bartlett provide an analysis of the dimensions of climate that broadly covers management structure, management support, and interpersonal relationships. Employees' perceptions of management's treatment of these factors do influence their attitudes and behaviours toward risk and risk-taking, as demonstrated in the various health and safety studies conducted by *The Royal Society (1992).* Also, the situational aspects of the broader aspect of safety culture/climate studies are captured and reflected in organisational policies, operating procedures, management systems, control systems, communication flows, and workflow systems as steps to be taken in the building of a positive organisational climate designed to avoid the blame game.

3.6.3 Blame

The *Oxford English Dictionary* defines blame as assigning fault or responsibility. On the one hand, blame can be attributed to individuals for failing to achieve a specific production target or to the managing director for not making the required return on a company's investment. On the other hand, blame can be attributed to a company in instances when there exists weak decision architecture or a poor organisational climate. For example, a manager, in the absence of an investment policy and strategy, makes a significant financial investment based on past but pleasant experience in a previous company. This time around, massive losses are experienced, putting the business at serious risk. In addition to such inefficiencies, an organisation without an active safety culture provides a powerful disincentive to employees to report errors or mistakes, potentially placing the organisation in a situation of risk (Baker, 2005). Likewise, an organisation operating without an investment policy runs the risk of each manager doing his thing, again putting the company and manager at risk if the investment goes bad.

To minimise such occurrences, it is advisable for organisations (large or small) to develop a well-planned financial investment strategy to guide decision-making at all levels and to take the business to the next desired level (A New Angle on Sovereign Credit Risk Finance for Change, 2012).

For individuals and organisations, mistakes are a vital part of learning from experience. The absence of errors, or their disregard and denial, can seriously undermine effective learning for people in and outside of work, and for organisations. The absence of mistakes and refusal to learn by capitalising on mistakes can ultimately stunt personal development and threaten the survival of organisations. If people are to make progress, there must be experimentation and mistakes. The mistake needs to be recognised, monitored, debated and, above all, talked about (Pearn et al., 1998). Of course, this does not mean that people should not try to avoid making mistakes, particularly costly ones; but the point is since we are all prone to make mistakes. When they are made, they should be acknowledged, and the necessary steps are taken to learn from them to avoid any recurrence.

Recent studies have found that blame is strongly associated with an array of undesirable attributes in organisations and can be predictive of poor financial outcomes for organisations. In 'Why Investors Should Care about their Managers' Culture', a study by Hsu, Ware & Heisinger (2015), the researchers reported that organisations featured in their study confirmed that blame inhibited honesty, learning, risk-taking, and the willingness to improve. Also, it was found that blame increased defensiveness and fear. Senior managers' condoning or leading with blame also spurs imitation under the pretence of organisational accountability. Talking about and facing up to one's mistakes may not only uncomfortable but also dangerous in such a climate.

Humans tend to suppress open and honest discussion about their mistakes because they do not want to be labelled a failure. Even though there must be a process in place to account for errors, especially costly errors, and to establish accountability and culpability in a transparent, fair and consistent manner, where this exists, managers are likely to take ownership of their mistakes and will accept the outcome as fair if the process is considered credible and equitable (see the account of respondents in Chapter 5.4.1).

A no-blame culture is one in which people feel safe to admit their mistakes. In a no-blame organisation, staff feel reassured that if something goes wrong, they will not be unfairly blamed. People at every level are still accountable for their actions and decisions, but there is no hunt to find someone to blame (McPherson, 2010).

Blame implies loss, e.g., the risk of being fired and damage to professional reputation; loss aversion tends to inhibit risk-taking because of imagined high-cost consequences. If a person is blamed and punished for a labour cost overrun in responding to a request to complete the project within a stated time frame, he/she may be inclined to become risk averse. If a colleague is looking on and is faced with a similar situation, with knowledge of the same experience, that colleague may also be inclined to adopt a risk-averse approach.

These experiences are likely to lead to a preference for aversion over risk within the organisation. The fear of blame may well influence behaviours that focus on avoiding culpability if things go wrong referred to as ‘secondary risk management’ by Power (2004). Managers may become more focused on avoiding risks to themselves than avoiding risks for their organisation, including failure to invest where this would be in the organisation’s best interests regardless.

Inefficiencies in businesses are understood to emanate from the confluence of the three entrepreneurial process elements: entrepreneur, environment and organisation. The interactions of these three aspects can result in the inefficiencies between resources and opportunities that lead to the failure of the business (Razi, Tarn & Siddiqui, 2004; Shepherd et al., 2009). As Baker III (2005) confirms, management problems, internal organisational environment issues, and external business environment problems represent causes of business failures and damage to companies’ reputation.

Hostility toward fellow employees may also result in litigation. While such violence by a disgruntled worker may be viewed as a random, unpreventable act, the employer’s failure to foresee the potential of this may call into action litigation. According to the duty of care standards, an employer has a responsibility to provide a safe work environment. Companies’ knowledge of the potential for threats of violence is an integral part of the organisation’s duty to protect.

The negligent hiring of staff can also create risk for companies, as in the case of Avis Rent-A-Car in 1979, which resulted in a US$750 000.00 pay-out by the enterprise. The management failed to vet the application of a prospective employee before hiring him. The employee raped a co-worker. Had management checked properly, they would have found that the period during which the applicant stated he was in school and college, he was actually in prison for a robbery conviction (Kaufer, 2010). Blame and all its facets do prompt questions about the behavioural disposition to risk in organisations. These questions are embedded in the attitude formation and change factors of executives and are likely to have profound impact on employee decision-making in the presence of risk.

3.6.4 Attitudes and behavioural predispositions to risk

The Oxford dictionary defined attitudes as "a settled way of thinking or feeling about something or issues" Such evaluations may include people, issues, objects, or events. The outcomes of one's thinking, or feeling are often positive or negative, and they can be uncertain at times, e.g., having mixed feelings about a person or issue. Scholars and researchers suggest that attitudes comprise different components:

a) the cognitive: reflecting one's thoughts on and beliefs about a subject
b) the affective: the feeling that is evoked from an object, person, issue, or event
c) the behavioural: when a person's attitude influences his/her behaviour.

Many psychologists are of the view that attitudes can be either explicit or implicit. Explicit attitudes are those that people are aware of and which influence people's behaviours and beliefs. Implicit attitudes are those that people are unaware of but have an effect on people's beliefs and behaviours. As demonstrated in the studies conducted by Wicker (1969), attitudes are formed from experience or observation. Social roles and social norms have a strong influence on attitudes.

Social roles relate to people's expected behaviour in a situation or context, whereas social norms are about society's rules for what behaviours are considered appropriate. Many people assume their behaviour is driven by other people's attitudes. Social psychologists have found in various research studies (Vroom, 1964); Weitz & Nuckols, 1953) that actual behaviour is not always aligned. People are inclined to behave based on their attitudes to certain conditions, for example:

a) when attitudes are the outcome of personal experiences
b) if people are subject experts
c) when a favourable outcome is expected
d) when people stand to gain or lose something as a result of an issue.

Although attitudes can have a powerful effect on behaviour, they are changeable, as the same influences that lead to attitude formation can lead to changes in attitude, thus impacting on employee decision making in risky situations.

3.6.5 Risk attitude

Several interlinked factors need to be considered to gain a better understanding of how people think and feel about risks. Although risk behaviour has been examined intensely in both economic and psychological terms, and a large body of risk perception studies exists, far less research has been carried out on people's risk attitudes. Risk propensity versus risk-aversion represents two poles of a one-dimensional attitude toward risk-taking. However, the two traits are two separate concepts. The general assumption is that people differ considerably in their attitude toward risks, ranging from caution to risk-seeking and even pleasure in risk-taking. However, not much evidence exists that this presumed dimension is a universal trait. Recent research has revealed that risk attitudes are not necessarily stable; neither are they homogeneous across hazard types. Instead, people tend to hold specific attitudes relating to financial, social and physical risks (Gattig & Hendrickx, 2007; Rohrmann, 2004; Weber et al., 2002).

Multiple factors motivate people to take or to avoid risks. These factors range from experience-seeking to pleasure from being at risk, physical enjoyment, self-enhancement, social pressure, financial gain, prestige-seeking lack of time or means, and the underestimation of a hazard.
These influences can be traced to a person's cultural background in terms of her/his professional and national affiliations. Risk attitudes are associated with safety, as demonstrated in the many health-and-safety studies conducted by The Royal Society (1992) and the Health and Safety Committee (HSC). These studies have shown that while a lack of caution induce hazards, risk-management activities may require some propensity for risk.

3.7.0 Organisational insights

Exploring the issue of risk decision-making in organisations requires identification and understanding of the critical organisational factors, their functioning, and their likely impact on decision-making processes based on the literature and past empirical work. These insights can help us to determine how these factors might provide a strong or weak support base as well as to examine consequential effects that these factors might have on the quality of risk decision-making and the performance of Caribbean work organisations.

3.7.1 Managerial leadership

Managerial leadership has been identified as a key organisational factor impacting risk decision-making processes in organisations. For this study, an examination of the differences and similarities between management and leadership is perhaps more critical and relevant than reviewing leadership styles on the assumption that an effective manager is, in fact, a leader. The focus of this subject review is, therefore, to look at the key dimensions responsible for making managers effective holistically in organisations.

There are several definitions of leadership, and most involve an influence on tasks, goals, and influence on organisational culture. There are differences in who exerts influence, the purpose of influence attempts, and how influence is exerted. These differences reflect strong disagreement about leadership identification and leadership processes, which leads to differences in the choice of phenomena to examine and interpret the results.

Bass (1990) defines leadership as the central dynamic force that motivates and coordinates an organisation in the accomplishment of its objectives. Daft (2003) defines management as 'the attainment of organisational goals effectively and efficiently through planning, organising, leading, and controlling organisational resources'. In this segment, leadership and management are regarded as having a different but not exclusive set of activities. According to Zaleznik (1977), both leaders and managers make valuable contributions to organisations. Leaders, he argues advocate change and new approaches, whereas managers advocate stability and the status quo.

Kotter (1990) provides perhaps a more in-depth perspective on the distinction between leadership and management. He opined that leadership was about coping with change, whereas management was coping with complexity. He further argued that the leadership process involved (a) developing a vision for the organisation; b) aligning people with that vision through communication, and c) motivating people to action through empowerment and basic need fulfilment. In contrast, the management process involved a) planning and budgeting; b) organising and staffing; and c) controlling and problem-solving. The management process helped reduce risk and uncertainty; it stabilised and positioned the organisation for sustainable growth. However, to do so required managers to possess a combination of leadership and managerial skills. Although some managers were able to do so with remarkable success; for many others, it is quite a daunting experience that sometimes leads to unnecessarily risky situations.

The forces of social change in organisations are driving the change in expectations on how managerial leaders should act and what the outcomes of their actions should be. In this era of social enterprise, people no longer consider financial results as the only or primary measure on which to judge the success of a business. Organisations are also being judged on how they impact the social and physical environment, their customers, and the human resources within the organisation that all make it happen. Hence, managerial leaders who focus only on cost-cutting and only engage in robust competitive activities may be viewed as having too narrow a focus and not fully engaged with the challenges of the broader business, its social and political environment. For these reasons, this leadership review is framed around four dimensions of managerial leadership that are considered necessary to achieve a more holistic success for organisations.

3.7.2 Dimensions of leadership

If organisations are to fully engage with the challenges of the broader business and social environment, they should align their managerial leadership with strategic thinking, relationship building, influencing, and executing. These four dimensions of leadership will enable business organisations to secure complete success within the context of social and environmental expectations, rather than the limited success earned by solely focusing on profit optimisation.

a) Strategic thinking

Strategic thinking is often used interchangeably with strategic planning or strategic management. 'Strategic thinking extends both to the formulation and execution of strategies by business leaders and the strategic performance of the entire enterprise. It includes strategic analysis, strategic planning, organisation and control and even strategic leadership. Therefore, strategic thinking covers all those attributes which can be labelled strategic (Liedtka, 1998). Furthermore, Stacey (1994) asserts that 'strategic thinking is not an intellectual exercise in exploring what is likely to happen, but it is using analogies and qualitative similarities to develop creative new ideas.

Strategic thinking is an essential leadership skill for organisational effectiveness. Various scholars, such as Amos (2012), Barnes (2013) and Schoonover (2008) have developed several models that have shown strategic thinking is the primary key associated with leadership effectiveness. Goldman (2012) observes that leaders who think strategically are good decision-makers and contribute higher value to their organisations.

Based on the empirical evidence within the research literature (e.g., Barnes & Kriger, 1986; Bradford & Cohen, 1984; Burns, 1978), there exists a strong relationship between strategic thinking and leadership effectiveness. It has been stated that in order to achieve the desired level of effectiveness, the right strategic competencies must first be identified and implemented. Bradford and Cohen opined that the stereotype of the manager-leader, who is expected to be more knowledgeable and courageous than anyone else in the company and must know everything that is happening, is likely to undermine leadership effectiveness. In this context, manager-leaders are rarely able to meet these expectations as they are unrealistic. Instead, shared responsibility for manager leadership functions and the empowerment of employees have been proven to be more effective than when the manager-leader takes full responsibility for the success of the company, and this also enables a more rational approach to risk.

b) Relationship building

As an effective leader, one of the main activities that should be undertaken is the building of relationships among team members. There are various theories that directly relate to the relationship aspect of leadership. These are the leader-member exchange theory (LMX) and transformational leadership.

The first theory, leader-member exchange (LMX) theory is a relationship-based theory of leadership. This theory supports the fact that leaders are those who influence employees (referred to as members) in their group throughout the relationships they have developed among them. In order to have a high-quality relationship, characteristics such as trust, liking, professional respect, and loyalty must transpire (Liden & Maslyn, 1998).

The second theory is transformational leadership. The transformational leadership process inspires its followers to achieve and grow as the leader responds to their needs through empowering them (Bass & Riggio, 2006). According to Bass and Avolio (1994), four elements of the transformational leadership are outlined; these include: (1) individual consideration, (2) idealised influence, 3) intellectual stimulation, and (4) inspirational leadership. Out of these four elements, individual consideration directly relates to the relationship aspect of leadership. Once a leader can combine the four elements listed by Bass and Avolio (1994), he/she can experience higher levels of leadership satisfaction (Sparks & Schenk, 2001). Once a transformational leader has a clear vision that highlights how goals are aligned with the values of the followers (employees), it causes them to respect the goals of the organisation as their own (Hoffman, Bynum, Piccolo & Sutton, 2011).

c) Influencing

Various philosophers and political theorists have concluded that leadership is a form of influence (Forsyth, 2015). It is critical to note that the best leaders are those who can successfully influence their organisation through the impact of business results and by driving behaviour change. When an organisation has an effective leader, he/she leads by mobilising others, by compelling them to buy into the organisation's vision of the future, and by inspiring them to follow in their leader's footsteps. Moreover, an effective leader shows people what is possible and motivates them to make those possibilities real (Bacon, 2011). Also, see Yukl's (1981) multiple linkage model (Hersey and Blanchard (1988).

According to Hall and Barrett (2007), influence can be defined as a force one person (the agent) exerts on someone else (the target) to induce a change in the target, including changes in behaviours, opinions, attitudes, goals, needs and values. Influence can further be defined as the ability to affect the behaviour of others in a direction. In order to influence, a leader uses strategies or tactics and actual behaviours designed to change another person's attitudes, beliefs, values, or actions.

It is essential to know that leaders can only influence an organisation effectively if they possess communication, reasoning, assertiveness, interpersonal, and interactive skills. Leadership is, therefore, the power to influence, motivate and elicit human potentialities in the pursuit of group goals or interests (Sogunro, 1998).

d) Execution

e) Focusing on execution within an organisation will help push it forward in today's busy environment (Stack, 2014). Bossidy and Charan (2002) note that execution is a discipline and should be practised by leaders of organisations. They further stated that execution is not a single component; it needs to be a part of all strategies and goals. If this is not done, the organisation will fail. Three points were stated by Bossidy and Charan (2002) that leaders should consider when thinking about executing. These are that 1) executing is a discipline (a critical aspect of the policy and strategy); 2) leader/manager is responsible for encouraging and promoting execution, and 3) execution needs to be at the core of an organisation's culture.

In order to enhance an organisation's ability to execute, attention must be paid to three dominant drivers: organisations need to 1) planning and executing strategy as a priority; 2) align, enable and engage the entire organisation for maximum performance; and 3) enable transparency, visibility and accountability (Etvia, 2004).

3.7.2 Existing leadership issues impacting business organisations

Various leadership issues can impact businesses. One of the main issues that can cause a negative impact is when leaders fail to provide a clear direction for the organisation (Gurdjian, Halbeisen & Lane, 2014). Barnett (2004), Hanna (2003) and others also point 'to the challenge of leading within a competitive and uncertain environment, which involves the courage to act when the longer-term way ahead is unclear.

Several scholarly researchers have explored a wide array of challenges impacting business managers and leaders. Some of these challenges relate to their level of engagement, which includes how employees have been engaging with their managers and leaders. Many CEOs are unsettled by market and financial regulations, new competitors, technological advancements, and the inability of senior and middle managers to make decisions. Although most CEOs may want to embrace change, they are often affected by the difficulties to manage them, thus creating more problems for themselves and their companies. Being in an environment where there are different backgrounds of leaders, along with different skills and knowledge, can be a challenge. There is also the further challenge of fostering the quality of strategic engagement within the business environment to build unity of purpose.

3.7.3 Future required leadership skills

Having leaders with exceptional skills is pivotal in organisations today. As was stated by Katz (1955), skills imply an ability that can be developed and manifested in performance, not merely in potential. Three types of skills leaders must reasonably possess 1) creative problem-solving skills, 2) social-judgment skills and 3) technical knowledge (Mumford et al., 2000).

These skills will allow business leaders to make a difference when engaging with today's competitive landscape. However, many leaders find it challenging to create an innovation culture that is bottom-up, top-down and, at the same time, can draw on the best possible talent pool available within their organisations. Leaders need to support change by encouraging their staff to experiment with new concepts or approaches. This must be done while maintaining a balance between empowering staff and providing them with a clear framework for governance that features transparency, internal collaboration, and performance management. These represent significant gaps in many organisations. (21st Century Leadership Challenges Deloitte Insights (2019).

According to many researchers, some leaders do influence organisational performance (Smith, Carson & Alexander, 1984). Such performance may lead to favourable or unfavourable results for the shareholders and key stakeholders of companies. Strategic leadership has become the focus for businesses of every kind and is undoubtedly the critical issue facing this century (Hitt, Keats & DeMarie, 1998; Elenkov, 2008). Despite the significance of strategic leadership, to date, there has been little empirical evidence of the effects of strategic leadership on organisational processes—evidence of distinctive strategic significance to help organisations achieve sustainable competitive superiority.

Elenkov's (2008) empirical study concludes that CEOs who wish to influence innovations should not rely on their hierarchical power alone. They also must possess relevant strategic leadership skills (influencing and building relationships) as part of their power base. Based on the above review, managerial leadership has the potential to impact hugely on the risk decision-making climate of organisations by taking a more holistic approach to managing and leading. Such an approach would allow managers to not only focus on the immediate financial or operational risks but also those risks having direct consequences for the future leaders of organisations.

3.8.0 Fairness, trust and equity

Based on a review of the previous topics, it is critical for employees' perception of fairness, the trustworthiness of their leadership, and how equitable they have been treated are considered essential to the organisational risk climate. The review to follow provides insight into what constitutes fairness, trustworthiness or equitable actions on the part of managerial leaders. Also, to assess how these perceptions can affect the decision-making risk climate and the consequences of organisational performance.

3.8.1 Fairness

Fairness can be defined as unbiased treatment or behaviour toward an employee or group of employees by managers or peers. Fairness, trust and equity speak about the type of organisational culture and climate that may exist as much as demonstrating the quality of managerial leadership in place. Negative perceptions of these factors will not only affect managers' chance to participate effectively in the risk decision-making but reflect poorly on the climate and leadership. The review, therefore, is to provide both theoretical and empirical insights into how to cultivate a climate of fairness, trust and equity within organisations. Justice and equity are primarily based on how people see and react to workplace treatment (Frazier et al., 2010).

The change literature also points out that perception is a primary source of conflict in strategic organisational change (Croonen, 2010; Ford et al., 2008; Self & Schraeder, 2009). Recent research does, however, suggest that organisational justice and perceptions of fairness can be formed about many targets within an organisation (Frazier et al., 2010). For example, an employee treated relatively well by his/her supervisor but unfairly by co-workers may have different perceptions of justice associated with each party. According to the multifocal perspective, differential treatment by various sources within an organisation leads to the formation of distinct fairness about each source.

People often heuristically judge fairness procedures based on observations of change-related results and exchanges (Colquitt et al., 2006). The heuristic theory about fairness predicts that when an organisational relationship is unstable, relevant experiences of fairness become especially dominant factors in influencing attitudes and behaviour (Behson, 2011). Employees build their judgments of firms on those elements of fairness observed–be they procedural, interactional and distributive—and justice scholars have identified all three organisational justice constructs as moderators of employees' perceptions of fairness related to organisational change (Ambrose & Schminke, 2009;

Colquitt & Rodell, 2011). Given the crucial role that confidence plays in organisational research, scholars still know little about what facilitates employee fairness in organisations (Searle et al., 2011). Organisational equity and managerial practices have also been found to interact in such a way to allow justice to form a stronger predictor of trust in management and the organisation (Farndale et al., 2011; Thornhill & Saunders, 2003). Also, employees' tendency to trust in organisational leadership can be explained by their perceptions of organisational integrity and of how the three types of justices are linked to organisational processes (Searle et al., 2011).

Some of the relevant factors include job performance, trust, and commitment to the organisation's goals (Bakhshi et al., 2009; Lambert et al., 2007). The attitude of managers toward an organisation and their work may have a significant influence on how others perceive fairness (Bakhshi et al., 2009; Lambert et al., 2007). Any perceived level of unfair treatment by existing employees is one issue that could trigger the 'blame game'. For example, the organisation could use this lowering of morale and the attendant challenges to initiate reorganisations, layoffs, and financial manipulations to mask the real problems and deflect from the real cause of low morale. In this regard, the winner of the blame game (the organisation) is perceived as being unfair by employees who got the blame (rightfully or wrongfully).

3.8.2 Trust

Different authors define trust differently. According to Bromiley and Cummings (1995), organisational trust means that an individual or group expects that a promise (verbal or written statement) from one person to another or group may stand irrespective of the outcome. Trust refers to the confidence in a person's or company's managerial integrity, fairness and reliability (Dizgah et al., 2011). Scholars have believed for some time that organisational trust has some substantial benefits for firms and their employees (Salamon & Robinson, 2008; Six, 2007; Zeidner, 2008). Managerial trust is a significant element for the efficient day-to-day functioning of companies (Gilstrap & Collins, 2012). Further, when fairness is believed to be present in the management of a company, it is possible for trust to be built up (Kim et al., 2008).

A significant factor to consider in simplifying managerial relationships in organisational is trust. It may not be possible to perceive justice or fairness if there is no confidence in those representing the organisation (Komodromos, 2014). Furthermore, if there is no confidence in the change process, much scepticism will follow, which may be detrimental to the company's efforts to improve (Naus et al., 2007). Scholars in the area of fairness have investigated the consequences of just and unjust treatment by work organisations. This literature has been summarised in three different analytical reviews (Cohen-Charash & Spector, 2001; Colquitt et al., 2007; Viswesvaran & Ones, 2002). Although these quantitative reviews differ in some specifics, they all underscore the favourable influence of workplace justice on decision-making.

Organisational justice includes the maintenance of employee confidence in management, and whether events occur as the enterprise would like, e.g., such as in the case of an unexpected or unpopular strategic change. The adverse effects of such a change process are likely to be less severe if an organisation can maintain procedural and interactional justice (Cropanzano et al., 2007). The authors concluded that organisational justice has been securely linked to commitment, citizenship behaviour, trust, conflict resolution, and customer satisfaction (Cropanzano et al., 2007). There is an abundance of research studies that show managers are more satisfied when they feel that sufficient organisational resources are allocated, organisational decisions are made fairly, and that their organisation treats them fairly (Blader & Tyler, 2009). On the other hand, employees who experience unfairness, e.g., inequitable compensation, may react by resorting to stealing or adopting unethical practices. See, for instance, the case in Greenberg (1993).

Managers who experience fairness at work are more likely to internalise the organisation's goals and values, and to develop close bonds with other organisational members. In this way, a top-management-by-fairness approach motivates employees to work cooperatively for the long-term good of the organisation. Such a collaborative focus tends to produce ethical behaviour and encourages management to take the kind of risks that serve the best interests of the organisation (see the case in Tyler, 1990). Perhaps what is missing is that too little attention has been focused on the factors that shape managers' behaviour, while much attention has been paid to employees' reactions to fairness.

3.8.3 Equity

Equitable treatment is another term that has different interpretations and has, therefore, proven difficult to define. In the context of this study, equity means that employees involved in the same job activities shall be treated no differently unless investigation in the circumstances warrants different treatment. Equity treatment, therefore, speaks to the quality of the fairness and justice applied in given situations (Holtz & Harold, 2009).

Equity and impartiality within organisations have increasingly received attention from scholars in mainstream literature. Many authors consider the concepts of equity and fairness to be closely related since these terms are often used interchangeably (Croonen, 2010; Holtz & Harold, 2009; Keren & Kristy, 2011; Poirezzat & Someh, 2009). Some authors argue that an essential element of trust could be the expectation held by an individual that he/she will be treated justly and fairly, particularly during times of strategic change (Adler, 2007; Chory & Hubbell, 2008; Keren & Kristy, 2011).

More work has recently been focused on the psychology of board members and top management to understand the history of fairness better. Based on the principle of equity, a fair compensation system is one in which income arising from the inputs of managers is to be distributed to managers in proportion to their contribution. Although input usually comes in the form of productivity, ability or talent might also play a role. One may argue that managers who produce more or better may do so by working harder or by being more talented.

Consequently, such managers should be paid more for their efforts than other managers who produce less. However, such distribution may not succeed in meeting the needs of all the stakeholders of an organisation. The idea that fairness requires the unequal treatment of managers conflicts with the principle of equality. This principle of equality suggests that the fairest allocation is one that distributes benefits and burdens equally among all parties. If there are profits of $300 000.00, and 20 people in the company, the principle of equality would suggest that everyone would get $15 000.00.

This principle, however, disregards disparities in the effort, talent and levels of output. The question of equal treatment is looked at quite differently in companies where new employees can earn a more substantial salary than employees doing the same tasks who have more experience (Hatfield et al., 2011). Such action is likely to lower morale and loyalty.

3.9.0 Skills and competence

Competencies are skills, interests and attitudes necessary to do a job. They include both technical skills and soft skills: characteristics such as leadership, critical thinking, communication, problem-solving, customer focus, and the ability to work within a team. While businesses have long been capable of analysing and utilising hard skills such as financial, technological, production/operational, and sales and marketing, among others, the soft skills involved in leadership competencies are more challenging. The review of this aspect of the literature is intended to examine the theoretical and empirical underpinnings of these issues and to provide some insight into what might account for the challenging issues Caribbean managers are faced within this area and how best to confront them.

Job knowledge is perhaps one of the most critical competencies required in organisations. The work of Rao (2007) has found job knowledge to be one of the essential competencies to be successful in a job. He also advised that hard work, practical communication skills and team-player skills are frequently used competencies by organisations. He advises that to be successful, managers need to develop a vision, continuous access learning and learning sensitivity, self-renewal, delegation and empowerment, as well as the ability to coach, mentor and develop those under their supervision. Hellriegel et al. (2005) recognised six core competencies contributing to managerial effectiveness and success: planning and administration, communication, teamwork, strategic action, global awareness, and self-management commitment (drive, dedication, passion, and zeal).

There are many and varied competency skills attributed to top, senior and middle managers. As Smart (1998) advised, there are over 50, but the primary ones are intelligence, analytical skills, strategic skills, judgment and decision-making, risk-taking, team building, communication, assertiveness, ambition, adaptability, creativity, vision, and balance in life.

In her study, Zarina (2009) established that enterprises tend to place more emphasis on technical expertise, knowledge and experience during the recruitment of new employees. The study also found that the changes in competency requirements are substantially dependent on the improvement stage of the company. Young and Dulewicz (2009), in their study, found support for an approach aligned with leadership and management selection, integrating them into development and risk decision-making. The study of Dreyfus (2008) revealed that highly effective managers demonstrate interpersonal ability as compared to average peers.

The competency skills of managers remained a critical challenge at national and regional levels. The application of these skills has the potential to take the individuals and organisations to a new and higher level of excellence, thus contributing more effectively to risk decision-making Competent managers of organisations are less prone to absenteeism, dodging, and unusual workplace behaviour, and as a result bring out the sincerity and responsiveness of complying members of an organisation.

Such managerial behaviour has a different and positive impact on employee commitment, dedication and efficiency.

3.10.0 Autonomy

The autonomy of a manager (from the Caribbean perspective) can be defined as the level or extent to which he/she can make substantive decisions without the consent of his/her seniors. This review seeks to look at theoretical and empirical insights into the possible autonomy of individuals within an organisation, and the autonomy of organisations or subunits. Critical to note is that starting with the individual level, a manager is relatively autonomous if he/she can make critical decisions relevant to his/her job without requiring permission from other people in the organisation. Of course, it must be noted that the type of decision the manager has to make may require expert knowledge even though he/she has responsibility for making the decision. In such a case, he/she has to seek expert advice before making the decision.

According to the On-line Business Dictionary, autonomy is the level of freedom and discretion allowed to an employee during the completion of his/her job. Jobs with a high degree of autonomy generate a sense of responsibility and higher job satisfaction in an employee or employees. However, not every employee prefers a job with a high level of responsibility (*Business Dictionary*, 2018). Porter et al. (1975, pp. 42-43) opined that autonomy is a human need, to some extent, like those in Maslow's (1954) hierarchy of needs. Turner and Lawrence (1965) viewed autonomy as an essential task attribute found to promote job satisfaction and lower absenteeism among employees located in small towns (yet results were not favourable in urban settings). Moreover, giving front-line employees more decision-making autonomy was found to help the competitiveness of the firms (Nielsen & Pedersen, 2003).

The respondents in this study were from stand-alone companies, holding companies or subsidiaries of holding companies with origins from within or outside of the region. Managerial autonomy in this context may, therefore, have a different interpretation depending on the perspective of the manager. For example, Butler and Sohod (1995) defined autonomy as the degree to which the holding company affects the strategic and operational decisions made by subsidiaries, i.e., the subsidiaries' freedom or scope in decision-making. The extent of parent companies' authorisation to subsidiaries to introduce new products may be seen as the level of control the multinational corporation's (MNC) parent company has over subsidiaries or speaks to, the level of subsidiaries' autonomy.

Employee autonomy may be more dominant in divisionalised or regionalised organisations where managers can exercise higher authority over their employees. In this milieu, managers may be free to reward and inspire. Based on the managers' authority, the manager often feels more motivated to do a good job and feels a greater sense of job satisfaction. However, if a manager does not have the right skills to perform satisfactorily, autonomy can also miscarry in this case. For example, an autocratic manager who makes poor decisions could hurt not only the employees but the organisation. Research on the autonomy of many units within multinational companies has addressed the question as to what functions should be based at headquarters or delegated to subsidiary managers (Gifford, 1998). Vachani (1999) revealed that a subsidiary's autonomy is more significant in some functional regions (e.g., marketing and human resources) than others (i.e., finance and Research & Development).

Autonomy is regarded as one of the three primary needs of an employee (Ryan & Deci, 2008). Employees who worked under managers who granted high levels of autonomy found higher job satisfaction and a higher standard of employee well-being (Baard, Ryan & Deci, 2004). The connection between autonomy and employee performance appears to remain debatable as observed by Verhoest, Peters, Boukart and Vershuere (2004). Autonomy within organisations may refer to individuals or teams. Referring to teams, Langfred (2000, 2004) states that teams with high trust can suffer performance losses when they adopt a team design with considerable individual autonomy. Langfred (2007) also notes that self-managing teams are not always good at managing themselves. He adds that managers need to be aware of the importance of giving self-managing teams the tools and skills to manage themselves as opposed to letting them 'sink or swim'. Indeed, the effectiveness of decision-making among team members will depend on the consultation and coordination skills of members, as well as on the competencies of the manager having the ultimate authority for the team.

3.11.0 Incentives

The objective of this construct is to examine the theoretical and empirical importance of monetary and non-monetary incentives in work organisations and the role that these play in risk decision-making. Both are used to compensate, reward and show recognition, which all may lead to creating or maintaining levels of behaviours aligned with motivation, commitment, and risk-taking or risk-averse behaviour.

An organisational commitment to employees can be demonstrated through the degree of organisational fairness, trust and equitable treatment offered. When employees possess organisational trust, they perceive organisational decisions will bring some benefits to them and boost their confidence in the actions of other team members. Mistrust results when relevant information is not disclosed, resources are either not allocated or are allocated inadequately, and employees do not get the required support from management.

Motivating is a process used by different layers of managers to inf1uence people's behaviour based on the knowledge of what nudges people (Luthans, l998). Luthans (1998) stresses that incentivising is a process aimed at arousing, energising, directing and sustaining performance and behaviour. Incentivising stimulates people to achieve the desired tasks. One thing that many authors and researchers appeared to agree with is that money is not the only motivator, but attractive remuneration is the way in which people are stimulated to satisfaction and commitment to their jobs. Incentives can be either intrinsic or extrinsically induced. Intrinsic incentives are innate to the job itself, along with the personal enjoyment resulting from the successful completion of a task or attainment of objectives. Extrinsic incentives are those that are external to the job task, such as security, pay, work conditions, fringe benefits, promotions, the work environment, and conditions of work. These incentives are not within the scope of individual managers but are controlled at the corporate level of organisations (McCormick & Tifflin, 1979; Avila & Abiola, 2004).

Considerable attention has been focused on different types of incentives considered useful for managing individual performance behaviour (Ambrose & Kulik, 1999; Stajkovic & Luthans, 1997, 2001, 2003). Research assessing the use of incentives to improve outcomes is lacking, even though the analysis is crucial to an organisation's competitive advantage based on outcomes such as retaining employees, financial success and customer service (Harter, Schmidt & Hayes, 2002). Many studies have concentrated on the business relationship, e.g., the connections between leadership (Bass, Avolio, Jung & Berson, 2003), employee attitudes (Ashworth, Higgs, Schneider, Shepherd & Carr, 1995) and training (Shaw, Delery, Jenkins & Gupta, 1998), and business outcomes.

Some studies show that well-designed and correctly implemented incentives are efficient mechanisms for enriching employees' accomplishments (Kluger & DeNisi, 1996; Komaki, Coombs & Schepman, 1996; Stajkovic & Luthans, 1997, 2003). Bandura (1986) opined that human behaviour could not be wholly understood without considering the regulatory impact on response and consequences. As much as human agency is embedded in social systems (Bandura, 1999), individual work performance is partially defined by a firm's reward systems (Rynes & Gerhart, 1999). This does not presuppose different reinforcing contingencies produce uniform effects. Bandura (1986) provided some level of understanding of the different types of reinforcements. There is much empirical evidence indicating that several underpinning contingencies generate various consequences for performance (Kluger & DeNisi, 1996).

According to Luthans and Stajkovic (2001), different types of incentive motivators can have a different impact on workplace outcomes, given their exceptional (a) outcome utility, (b) enlightening content and (c) strategies to regulate human action. Some studies indicate that financial and nonfinancial incentive motivators do have a positive impact on employee performance (Stajkovic & Luthans, 1997, 2003). Money serves as an incentive mainly because it is used as an exchange factor to achieve other desirable outcomes, e.g., commodities, services or privileges (Komaki et al., 1996). Although several types of monetary incentives are available (including vacations, gift vouchers), cash lump-sum pay-outs in the form of bonus or stock options become the preferred method to compensate, retain and inspire employees (Sturman & Short, 2000). Lump-sum bonuses are a part of the compensation package and are usually paid out of profits in recognition of individual contributions to organisational achievements.

Lawler (2000) advised that more attention needs to be paid to administrative processes. He argued that where financial incentives are tied to performance, there are more significant improvements to a variety of outcomes. Recent studies indicate that incentives do impact the decisions people make; whether officially designed to motivate employees or otherwise, incentives are an essential component of choice architecture. Some incentives will motivate positive behaviours: a thoughtfully developed and efficiently executed incentive plan can attract and retain the skills and competency required to achieve business results. Incentives, however, can also generate perverse behaviour that undermines a business, e.g., excessive sub-prime mortgage lending and unwarranted reductions in critical business expenses to boost short-term profits (Sturman & Trevor, 2001; Trevor, Gerhart & Boudreau, 1997; and The Financial Crisis of 2008 (2017).

Choices do not occur in a vacuum. They are made within contexts, e.g., a personal history, the environment, social setting (Axelrod, 1984; Einhorn & Hogarth, 1981). The many groups one belongs to contribute to shaping one's choices. These contexts may constrain individuals' behaviour in significant ways to enable social interaction and establish norms of behaviour (Greif, 1994). Norms shape employees' preferences through a process of cultural learning and are part of the context and dynamic group procedure (Hayakawa, 2000). The social interactions from which social norms emerge have a structure: there are friendships, power relationships and family ties, all these are likely to create degrees of bias impacting on risk decision-making in work organisations.

3.12.0 Psychometric risk research insights

Professionals, such as natural scientists, economists and engineers, have developed different models to help manage environmental and technological risks. Many of these models contain controversial issues, including recommendations that are rejected by the wider public. One objective of risk perception research is to explain any inconsistencies resulting from the technical assessments of risks that do not address the characteristics and dimensions of the concern of the public (Slovic, 1987).

One crucial aspect of risk assessment is to focus on the expected loss of lives or estimated financial compensations. Risk perception researchers advocate that specific measures be included, such as equity, dread, perceived risk, catastrophe, and voluntariness, as part of the risk decision-making processes (in the absence of control). The objective here, however, is to glean from the insight what possibility exists for developing a psychometric measuring profile to assist managers in better understanding and improving their risk climate.

Psychometric risk research serves to confirm that ratings are swayed by the perceived benefit, economic or otherwise, that individuals expect from the source. Psychometric risk ratings are seen as 'net' ratings by individuals, whether they leave them in a better or worse-off position. The results may not be treated as ratings of just hazards. The results are particularly relevant to technologies, and any implications for identifying and evaluating risks since they imply that people may not possess separate risk and benefit categories.

Psychometric work sought to identify and classify hazards/risks through determining a set of core (shared) constructs. These constructs proved to be partially successful concerning dread and the unknown. Arguably, a principal contribution was that this hinted at the finding corroborated by social and cultural researchers/commentators that the range of criteria people may consider can extend beyond the technical properties (probability and likelihood) of hazards/risks. Some findings also highlighted the presence of cultural differences.

3.13.0 Conclusions

Interest in managers' risk perceptions, their attitudes, and the variables driving their behaviour and decision-making came into prominence following changes in financial/operational results during and after the financial crisis of 2001 featuring Enron, WorldCom and the financial meltdown across the globe in 2008. The results emerged from these investigations together with the theories around the interplay between the organisational, cultural, social, and environmental factors in which managers work, and the potential impact of these factors on organisational performance. Although much of these crises had to do with white-collar criminal activity, not everyone was turned into a criminal because of the pressures they faced. One wonders to what extent other factors, considered and yet to be considered, play in such risk management. Did cultural background or upbringing play any part in the behaviour of these fallen managers?

A closer examination of the variables and behaviour driving managers to make the decisions they make became necessary, particularly in situations of uncertainty. The continued evolution of organisational and technological development means that managers now work with a more diverse set of people, many of whom may be of varied ethnicity and different backgrounds. At the start, one is interested to know the decision-making model being used, and that the cultural and climatic setting exists alongside the vast body of theories and empirical work as espoused by various scholars. A wide range of possible contributing factors impacting on managerial behaviour and shaping risk attitudes have been proposed, resulting in a plethora of possible influencing factors arising from the organisational and the cultural, and the decision-making process model. Examples of some of the likely consequences to arise from impacting managerial behaviour are poor organisational performance, fewer investment opportunities, decreased productivity, low staff morale, and loss aversion. These appear to impact the risk decision-making climate negatively (see Egan, Davies & Brooks, 2011).

The culture of an organisation and the interplay of the various variables determine a decision-making climate. If negative, that climate can serve not only to enhance risk-averse or reckless behaviour but can lead to poor performance, lack of innovation, representational issues, and the intention to quit when combative or unsupportive. Although managerial leadership plays a key role in defining what it considers the appropriate decision-making model, different level managers need a degree of autonomy over how they do their job, and how they exercise the corresponding authority to be able to provide accountability, particularly in the case of financial investment.

Unsupportive organisational climates have been associated with a range of adverse outcomes, especially when combined with a perceived lack of recognition and managerial incentive. Managerial leadership has been applied concerning performance, behavioural issues, and safety approaches such as hazards in the environment that can be identified and resolved. These are some of the highlights of the role of managerial, strategic thinking and influence in setting the organisation climate. Such influence has further been associated with uncertainty through enhancing managers' perceptions that the organisation does not value them and enhancing autonomy. This influence is, however, mostly dependent on the skills and competencies that, when they exist, strengthen the risk decision-making climate.

Balancing managerial skills and competencies with the appropriate use of autonomy is associated with a range of positive outcomes, including greater confidence to make decisions, particularly in situations of uncertainty, getting the required buy-in to implement changes, and meeting targets on time. Balance is not merely about getting things done for the moment, but about team members' ability to build momentum and sustain it. Concomitant with skills and autonomy balance is accountability and the blame-game facet of organisational culture. Taking responsibility for the actions of self and of those being led together with an enquiring mind to determine what may have gone wrong as opposed to who did go wrong is essential to creating an environment of trust, where fairness and due process are the norms. Of course, this is not to say culpability should be pushed aside, quite the contrary; but the focus should be to investigate what went wrong fairly and transparently before determining culpability. The experiences in the health and safety environment, as reported by The Royal Society and Health and Safety Committee, illustrate this very well.

Risk decision-making is complex and multifaceted. A better understanding of what would cause a manager to take or not to take a risk in particular situations is needed. To get clarity as to why a manager who is by nature a risk-taker yet at work has more often adopted a risk-averse position (or vice versa) is to understand that risk decision-making in organisations is more driven by the particular situation than individual risk preference. Clarity is needed to get a full understanding of why a manager takes or did not take a risk at a particular time and whether such decision served the best interests of the organisation.

Much of the risk research to date has been driven by academia and management practitioners motivated by an aspiration to better understand the risk decision-making process. Are decisions involving risk made serving the best interests of firms, and what is the impact of those decisions on operating results and reputation? (See Dex & Scheibl, 1999; Eaton, 2001; Frey & Jegen, 2001; Galinsky & Johnson, 2001.) While the outcomes of such research may well benefit organisations in other countries, e.g., the US Canada and the UK, there is a notable absence of the similar type of research being carried out in the Caribbean, particularly given the region's historical and economic background, which is significantly different from those countries mentioned earlier. This study is aimed primarily at providing top policymakers with a better understanding of the array of factors influencing managers' behaviour toward risk decision-making in financial investments particularly in situations of uncertainty, and the extent to which such decisions are serving the best interests of their shareholders.

Furthermore, most of the research in the region has been limited by its focus on risk management procedures and investment instruments and not on what influences managers' behaviour. This creates a somewhat uneven picture for Caribbean managers, whose counterparts in developed countries are more exposed to many such studies. The general applicability of these studies' findings presents some challenges, and therefore a study from a Caribbean perspective based on values, and historical background may be more aligned with regional managers' enquiries in this area. It is perhaps unsurprising, given the complexity and multifaceted nature of the topic and the diversity of organisations, that there is a vast body of literature presented and examined here from outside the region. Equally, it is often difficult to ascertain the quality of some of these studies because of a lack of detail in the articles that present the research specifically concerning comparable case studies whose absence makes an empirical assessment impossible in specific areas such as the size of companies and varying degrees of autonomy. This research focuses on organisations in multiple industry sectors and across islands in the region. It looks at influences on managerial risk decision-making and climate setting with a mind to offer a depth of insight into the potential interplay between those factors most salient to managers.

Research conducted by PricewaterhouseCoopers (2008) asserts that there is no 'one size fits all' solution regarding decision-making in situations of uncertainty. Caribbean managers often participate in measures to assess whether the risk-taking or risk-averse decision will lead to the benefits that best satisfies shareholders' interests. The research presented here aims to address some of these deficits by taking a holistic view of factors that impact the risk decision-making climate of organisations informed via an inductive approach to ascertain first what managers feel impacts their risk decision-making behaviour. Furthermore, in contrast to much of the published risk studies, this will draw insight from a diverse sample of respondents, multiple job functions, management levels, and industry sectors from across six English-speaking Caribbean islands.

Chapter 4: *An exploratory questionnaire of managers' perceptions of factors influencing risk in Caribbean work organisations*

4.0 Summary

In recognition of the limited published findings on the relative salience of the variables influencing the risk decision-making of managers in the Caribbean, this chapter provides details of an opportunity sample questionnaire survey that explored managers' risk perspectives on risk. This exploratory study sought to inform comments on the degree of homogeneity/heterogeneity that characterised managers risk perspectives.

This study involved a sample of directors, and senior, middle and junior managers from the construction, financial services, manufacturing, tourism, oil and drilling, and retail and distribution sectors, across six Caribbean countries. The study was designed to explore managers' attitudes and orientations to risk in the context of financial/investment resources and operational decisions. Published literature related to these areas was reviewed, and some specific themes emerged that formed the basis for an exploratory questionnaire. The headline themes identified in the literature review (Chapter 3) were as follows:

- managerial perceptions of risk and attitudes (including loss avoidance)
- individual characteristics of attitudes to risk
- organisational characteristics and attitudes to risk
- 'my boss' reaction toward me if something goes wrong'.

The initial survey question set was designed to reflect the above (a copy of the question set can be found in Appendix A). Each topic was characterised by a series of questions designed to represent what the respective constituent facets within each were. The questions took the form of short statements, to which respondents were invited to indicate their degree of agreement, referenced on a four-point Likert scale, ranging from 'strongly agree' to 'strongly disagree'.

The purpose of this initial study was to explore the extent to which phenomena, relationships and effects identified within the predominately Western European and US literature may be generalised to a Caribbean context. At this point, a broad-brush approach was adopted. It felt prudent to gather as many ideas as possible, to understand not just the variables influencing risk decision-making, and

the individual biases and attitudes impacting managerial behaviour, but the extent to which there might be any uniqueness in how these operate in the Caribbean context. In particular, the study set out to gain insight into the extent to which national cultural differences might be present among the chosen Caribbean islands. At this point, it was considered that the Caribbean may embody cultural differences and that the various islands may also embody cultural differences, given their varied histories and relatively independent development, including their rate of development.

The decision to use a survey in this initial exploratory phase, rather than a qualitative approach, was based on a primary objective. The premise of this objective was to gain insight into the presence and apparent relevance of phenomena and relationships identified within the literature before proceeding with a more in-depth investigation (see Chapter 5) of how these (and potentially additional) variables operate in the Caribbean context.

4.1.0 Context and relevance of this study to the rest of the thesis

The approach used in this study is designed to establish insight into managers' experiences of and perspectives on key areas of influence on risk decision-making, an organisation's culture, and on the risk decision-making climate. It also produced insight into not only salient variables and how they operate; perhaps more importantly it framed and provided a firm foundation for the qualitative and quantitative research to follow in Chapters F**ive and** Six.

4.2.0 Aims and objectives

4.2.1 Aims

The purpose of this exploratory enquiry was to identify influences on risk decision-making that play a role in shaping Caribbean managers' behaviour in situations of risk and uncertainty.

4.2.2 Objectives

a) recruit a sample of managers (top/senior/middle/junior) across a range of sectors, organisations and job categories.
b) explore and characterise influences on risk decision-making
c) use the insights to inform the development of a qualitative study in the next phase of the research (Chapter 5).

4.3.0 Method

4.3.1 Participants

Participants (respondents) were recruited voluntarily via an opportunity sample of different work organisations (N=170; see Appendix A - Sample Characteristics) from 50 commercial organisations located in six islands and multiple industry sectors. The organisations from which respondents came were subsidiaries of multinational corporations, regional conglomerates, home-grown companies, and branches of overseas companies operating in the region. Respondents were recruited via email as sent out by the researcher from information supplied by the human resources managers of the organisations who approved their managers' voluntary participation. Reflecting the British Psychological Society Code for ethical conduct (BPS, 2009), respondents were advised of the voluntary nature of their participation and that the information shared would be held in strict confidence. Psychology Ethics Committee approval for this study is provided in Appendix A.

4.3.2 Questionnaire

Themes were identified from the literature review (Chapter 3) and used to develop an exploratory questionnaire instead of using an established instrument. The reasons for doing so included: 1) the study was exploratory; 2) the researcher wanted to take a more measured approach to the various issues pertinent to the Caribbean business environment; and 3) to get an informed set of data from which to prepare a more focused set of themes that explore an in-depth qualitative investigation (Study 2), none of which would be possible from a published instrument. Spector (1992) argued that the use of unpublished questionnaires is just as effective if the necessary steps are taken to validate them, e.g., pilot testing, internal consistency reliability testing. All of these tests were carried out (see 3.4.2, Chapter 3, and 6.51, Chapter 6).

This questionnaire consisted of a set of 33 questions/statements requiring respondents to indicate their level of agreement or disagreement using the Likert 1–4-point scale (e.g., strongly agree/agree/disagree/strongly disagree). (see Appendix A)

The themes identified in the initial literature review were as follows:

a) Managers' perceptions of risk and attitudes
    - Risk definition
    - Managers' perceptions of financial/investment risk
    - Avoidance of losses
    - Loss aversion
    - Risk aversion

b) Personal characteristics affecting risk attitudes
   - Seniority
   - Years of service
   - Professional competence
   - Functional responsibility

c) Organisational factors influencing managers' attitudes
   - Culture/climate
   - Human resources
   - Economic
   - Financial/investment
   - Political environment
   - Knowledge
   - Experience

d) 'My boss' reaction toward me if something goes wrong'
   - Blame
   - Equity and fairness
   - Corporate reputational risk
   - Personal reputational risk

The 1–4-point scale was employed because it was an exploratory study, and at this early stage a 'not sure' answer, or fence-sitting, was considered to not be very useful given that the aim was to get specific answers from respondents.

A key decision on the approach to data collection concerned the questionnaire techniques to be used. Questionnaires that are exploratory work best with standardised questions that one is certain will be understood the same way by all respondents (Robson, 2002). Therefore, the questions were piloted among a sample of top, senior and middle managers (N=10) from Barbados, Jamaica and St Lucia to ensure clarity and a shared understanding of general distribution. Based on feedback from the pilot, minor adjustments were made to some of the questions to remove any perceived ambiguity.

4.3.3 Procedure

4.3.4 Sample

The questionnaires were distributed both online and in person to a sample of (N=170) managers selected from a sample of organisations that agreed to participate (Table 2). It was an opportunity sample from small, medium and large organisations in the construction, financial services, manufacturing, oil and drilling, retail and distribution, and tourism and hospitality sectors across six Caribbean islands (see Appendix C: Table 1 Sample characteristics).

Table 2: *Biographical data of respondents (Q 1, 2, 3, 5 & 6) [SPECIFY EXPERIENCE IN YEARS?]*

Age Group	**Mgmt Level**	**Gender M**	**Gender F**	**Total Respondents**	**% by Mgmt Levels & Age**	**Mgmt Experience**	**Education**
25–35	Middle	35	42	77	43.30	5	Sec/Col/Post-Grad
36–45	Middle	28	12	40	25.53	10-15	Col/Post-Grad
46–55	Top/senior	34	3	37	21.76	20-35	Col/Post-Grad
56+	Top/senior	16	0	16	9.41	30+	Col/Post-Grad.

Table 3: *Respondents by country (Q 4)*

Country	**Respondents**	%
Antigua	9	5.29
Barbados	36	21.18
Jamaica	63	37.06
St Lucia	12	7.06
St Vincent	4	2.35
Trinidad	46	27.06
Total	**170**	100

4.3.5 Recruitment

The first step taken was to gain formal approval from a sample of Caribbean businesses (multinational firms with bases in the Caribbean, businesses trading in the Caribbean, and businesses registered in and trading in the Caribbean), across a range of industry sectors (see sample characteristics Appendix C), for a sample of their managers to participate in the survey.

Approval was sought to allow the junior, middle, senior and top managers to volunteer to take part in the survey. After gaining approval, a list of the potentially available managers was obtained from the human resources managers, after which the researcher contacted the managers and issued a letter detailing the purpose of the study and requesting each manager to indicate his/her interest in volunteering to participate. A similar letter was sent to the Chamber of Commerce and the employers' organisations (e.g., the manufacturer's associations, bankers' associations and tourism authorities) in each of the surveyed islands, soliciting assistance through their membership.

Upon receiving the managers' acceptance to participate, the questionnaire was sent either via electronic mail or was hand-delivered to managers who were residents of six Caribbean islands, namely, Antigua and Barbuda, Barbados, Jamaica, St Vincent and the Grenadines, Saint Lucia, and Trinidad and Tobago. These islands were chosen because of the diverse nature of their economies and culture, and because of the presence of the regional offices of multinational corporations operating or headquartered within them. Furthermore, the researcher was interested in the types and pace of development experienced, and the inhabitants of these islands represented 82% of the estimated five million English-speaking people in the Caribbean.

4.3.6 Data collection

The data was collected using a combination of self-administered questionnaire and researcher-administered formats. The administered format was employed when respondents had difficulty committing time to self-completion and, after missing several deadlines, agreed to meet with the researcher to expedite completion of the questionnaire. The self-completion method represented approximately 80% of the total number of completed questionnaires, and this procedure was both convenient and cost-effective. In the administered format, the role of the researcher was to facilitate the expedition of the completion of the questionnaire by simply asking questions as they appeared on the questionnaire. No clarification or counter questions were permitted (to minimise any bias, perceived or otherwise). The respondents wrote down the answers unassisted on an issued hard copy of the questionnaire. The exploratory survey was conducted from July 2011 to April 2012, and the completion time took an average of 30 minutes. (A copy of the survey questionnaire can be found in Appendix A.)

4.4.0 Variations in response rate

The number of respondents in the functional responsibilities varied from across the different demographics (islands and the various portfolio areas, i.e., construction, financial services, manufacturing, oil and drilling, retail and distribution, and tourism and hospitality sectors) and according to the size of the business and grade/seniority. For example, more CEOs, operational managers, chief financial officers, and human resources managers participated compared to other listed functional areas, e.g., sales and marketing or information technology (Table 5). This imbalance reflects the limitations of an opportunity sample; however, the relatively higher proportion (of the top and senior managers) was considered a strength given their key role in risk decision-making.

4.5.0 Data analysis

4.5.1 Choice of data analysis

The data retrieved from respondents through electronic mail and hand delivery were analysed using SPSS software (Version 22) to determine, for example, data frequency. The salient issues that emerged from the data were categorised. The quantitative analysis performed was primarily descriptive statistics (e.g., data frequency and percentages).

4.5.2 Process of analysis

The data was organised and quantified, and the scale of measurement associated with the data was identified i.e., The nominal and interval data levels of measurement were mainly applied. The nominal level was used to assign arbitrary value, e.g., male=1, female=2, while the interval data was measured on the Likert scale of 1–4 to determine frequency, and the likelihood of variables and associations between different data.

4.3.3 Analysis sample demographics

The following is a summary of the data analysis based on key survey questions conducted between July 2011 and April 2012. The data in Table 4 shows the actual number of respondents and percentage representation of each sector to the overall responses.

Table 4: *Industry sector*

Industry Sector	Respondents	% of Resp.
Construction	15	8.82
Financial Services	15	8.82
Manufacturing	30	17.65
Oil and Drilling	15	8.82
Retail & Distribution	35	20.59
Tourism & Hospitality	60	35.30
Total	170	100

The distribution of respondents' responses in the functional areas on a country-by-country basis is shown at Table 5 (Appendix C). The CEOs/GMs were responsible for approximately 21% of total respondents. Table 6 lists respondents' responses to Question 7, which deals with risk definition. A majority (62%) agreed that risk is 'an uncertainty that could have a positive or negative effect on one or more objectives'.

Table 6: *Respondents' perceptions of risk definition (Q 7)*

Risk Definition	**Agreed**	**Disagreed**
Uncertainty that matters	22%	42%
An uncertainty that could have a positive or negative effect on one or more objectives	62%	32%
Undertaking a desirable goal in which there is a lack of certainty or a fear of failure	33%	35%

Table 7 addresses the question of managers' perceptions toward risk and attitudes and provides some mixed but interesting responses. In one instance, 72% of respondents disagreed with the statement 'I love to take risks', while 65% agreed that 'the thought of losing money makes me nervous', indicating risk-averse behaviour.

Table 8: Factors affecting managers' attitude to risk (Q 9)

Attitude	Not important	Very important
Knowledge	0%	100%
Experience	32%	68%
Personal Character	15%	85%
Individual perception	12%	88%
Economic environment	24%	61%
Political environment	39%	61%
My Boss' reaction towards me if something goes wrong	22.8%	77.2%

As demonstrated in Table 8, the level of importance expressed for the factors perceived to have affected respondents are impressive and compare well with similar studies in the field. As noted, knowledge, individual perception, economic environment and 'my boss' reaction towards me if something goes wrong' score highest among respondents.

Table 9: Cultural differences and their impact on behaviour toward risk taking (Q 10)

Situations under risk and uncertainty	**% of Respondents Agreed**	**% of Respondents Disagreed**
Cultural similarities of team members	72.6	27.4
Cultural differences between team members	46.45	53.55
Ethic/cultural characteristics of others	43.5	56.4
Concerns for cultural differences	26.18	73.82

Tables 9,10 and 11 address cultural differences and their likely impact on risk decisions. Table 9 shows strong cultural similarities among team members, while in Table 11 respondents showed reactions to factors of cultural influences.

Table 10: Cultural differences (Q 11)

Influenced by	**Respondents Agreed (%)**	**Respondents Disagreed (%)**
They know that their nationalities are involved in the execution of the decisions	15	76
Communicating with people who have similar cultural background.	23	67

Table 11: Impact of cultural differences (Q 12)

	No Impact	**Little Impact**	**A big Impact**
What impact do cultural differences play in the business decisions made in one island but Impact the functioning of other islands	81% of respondents	15% of respondents	4% of respondents

Table 12: *Country report on cultural risk factors*

Country	Mean	Standard Deviation	High	Low
Antigua	43.4	3.92	62.0	35.0
Barbados	45.1	4.89	52.0	39.0
Jamaica	45.7	3.15	51.0	
St Lucia	43.2	3.10	52.0	
St Vincent	43.0	3.82	52.0	
Trinidad	44.3	3.15	51.0	

Table 12 addresses the cultural differences between the participating islands. Descriptive analysis was used, and the results do not show any statistically significant differences between islands.

Table 13: *Decision characteristics affecting attitudes to risk (Q 27)*

Statements	Agreed	Disagreed
The wide range of outcomes (both positive and negative)	24%	76%
The greater the magnitude of any possible loss resulting from a decision	84%	16%
The greater the ability of the competitors to respond quickly to any decisions that I may make	57%	43%

The characteristics affecting risk attitudes are dealt with in Table 13. The results show that a majority (84%) of respondents agreed that their approach to decision-making was affected by the magnitude of any possible loss resulting from their decision. Equally important, 76% of respondents disagreed that their approach was affected by a wide range of outcomes (positive/negative).

Table 14 shows the results of the HR components respondents considered to represent risks in their organisations. Ranked highest are skills and competence, integrity and honesty, the retention of key personnel, and the recruitment of key personnel, while the lowest is employee absenteeism.

Table 14: *HR components of risk to organisations (Q 19)*

Risk	**Agreed**	**Disagreed**
Integrity and honesty	85%	15%
Recruitment of key personnel	78%	22%
Skills and competencies	89%	11%
Employee relations	72%	28%
Retention of key personnel	82%	18%
Employee absenteeism	58%	42%
Occupational health and safety	72%	28%
Employee wellness	76%	24%

The risk management components respondents considered to be effective in their organisations are captured in Table 15 (Appendix C). Only 38% of respondents' organisations have effectively put in place defined risk policies and procedures, systems and controls. Further, 24% of those policies have been deemed ineffective, while a further 38% do not have any of the listed risk components in place.

Table 16: *Financial risk factors (Q 20)*

Cash Flow Adequacy and Management	**Agreed**	**Disagreed**
Financial losses	82%	16%
Wasteful expenditure	76%	24%
Budget allocation and budget management	57%	42%
Increasing operational expenses	68%	22%

Among the listed financial factors (Table 16) representing risks to respondents' organisations, financial losses and wasteful expenditure ranked the highest, followed by increasing operational expenses.

The data in Table 17 shows the sectoral responses to the risk policy in place, risk identification, risk communication, and the culture of the risk-taking attitude. The financial services showed more positive affirmation to these variables. Table 18 (see Appendix C) examined the situations that would cause respondents to make risky decisions. Interestingly, 81.8% would make more risky decisions if the company culture emphasised the necessity for taking risks. Also, 88.2% of respondents expressed the view that they would take less risky decisions where similar decisions were unsuccessful, or the economy was in recession.

Table 17: *Sector responses to variables impacting attitudes toward risk-taking (Q's 24 & 26)*

Sectors	**Risk Policy Is in Place**	**Risk Identification**	**Risk Communication Strategy**	**The Culture of My Company Reflects a Risk-Taking**
Construction	2%	2%	2%	1%
Financial services	18%	33%	35%	35%
Manufacturing	3%	15%	12%	8%
Mining & drilling	8%	25%	16%	26%
Retail & distribution	5%	13%	15%	12%
Tourism & hospitality	5%	12%	20%	18%
Total	41	100	100	100

The data in Table 19 shows respondents' responses with regard to their perception of the environmental factors having a direct or indirect impact on their business in the named islands.

Table 19: *Environmental factors posing direct or indirect risk to business (Q 23)*

	All respondents		**Respondents per country**				
Environmental Factors having Direct or No Direct Risk to	Direct Risk	No Risk	Antigua	Barbados	Jamaica	St Lucia	Trinidad
Change of government	36.3%	63.7%	16% (direct risk)	16% (no risk)	26% (no risk)	20.3% (direct risk)	21.7% (no risk)
The performance of the ministry with oversight for the industry segment in which my organisation falls	68%	32%	15% (no risk)	11% (direct risk)	32% (no risk)	17% (no risk)	25% (no risk)
Political unrest	68%	32%	7% (no risk)	15% (no risk)	39% (no risk)	10% (no risk)	29% risk)
Crime and violence	85.7%	14.3%	3% (no risk)	15.7% (direct risk)	37% (direct risk)	11.3% (no risk)	33% (direct risk)

4.4.0 Findings

1. Respondents did not converge upon a single definition of risk. However, a majority of respondents agreed with the statement that risk is ‘an uncertainty with varied effects on organisational objectives.
2. The main variables cited by respondents as influencing managers’ attitude to risk included
    a. knowledge
    b. experience
    c. economic environment
    d. personal character
    e. individual perception
    f. ‘my boss’ reaction toward me if something goes wrong’
    g. organisational culture.
3. A majority of respondents were averse to the probability of their organisation sustaining losses of any magnitude even when there were future gains to be made.
4. Respondent managers’ risk perceptions were directly connected to short-term investment behaviour and the magnitude of any financial losses in the short term.
5. Many respondent managers preferred to avoid losses in risky situations rather than consider any potential opportunity.
6. Seniority with a record of success is viewed as critical to the formation of attitudes toward risk and is viewed as conducive to the making of more risky decisions.
7. Financial losses, wasteful expenditure and increasing operational expenses were rated highest among participants as financial risk factors, while the highest rated human resource risks were skills and competence, employee relations and recruitment of key personnel.
8. Organisational variables, e.g., leadership, communication and culture, appeared to have more impact on managerial risk decision-making than individual differences in the islands.

4.5.0 Discussion

4.5.1 Managers' perceptions of risk and attitudes

4.5.1.1 Risk definition

Although there was little consensus among respondent managers on a single definition of risk, most respondents agreed with the statement that risk is 'an uncertainty with varied effects on organisational objectives' (see Table 6). This statement implies that some managers are of the view that a risky decision can result in positive or negative outcomes, causing an organisation to be successful or unsuccessful in its objectives.

4.5.1.2 Managers' perceptions of financial/investment risk

Financial risks are often connected to losses. Such losses are defined by the prospect of loss, the magnitude of loss, and the expected loss (see Tables 7 and 13). The findings suggest that a majority of respondent managers' risk perception is directly connected to short-term investment behaviour rather than medium- or long-term investment behaviour (Table 7). In particular, the severity and the size of potential losses (the magnitude of the loss) resulting from a decision were a significant input into their assessment of the riskiness of that decision (Table13). In response to one of the statements 'I concentrate on avoiding losses in risky situations, rather than on the potential opportunity' (Table 7) 38% of respondents agreed. However, in another statement (Table 7) 'I am averse to taking risks for fear that I may fail' 72% of respondents agreed. While the responses to these two statements may appear to be contradictory, they perhaps speak more profoundly about the potential impact of failing on their reputation and career than the merits or demerits of the risk itself, thus giving credence to the arguments under blame in the literature (Chapter 3) .

The managers' perceptions may also be impacted upon by the time factor regarding the duration of undesired consequences, e.g., when potential losses are long lasting, or when there is no way to predict the end of an economic recession impacting on the organisation's operation. Over 80% of respondents stated that they took less risky decisions when the 'economy is in recession', while 75% said they made most risky decisions when 'the company is enjoying favourable economic circumstances' (Table 18, Appendix C). Note that the economic recession that began in late 2007 continued unabated, unleashing economic hardship (e.g., high-interest rates, increased energy and labour costs) on many organisations during the research period. While the above evidence corroborates the findings of several previous studies, a difference worth pointing out is that this study was conducted during an economic recession that has been described as the most impactful in over 50 years, possibly making it a less than fair comparator.

4.5.1.3 Loss avoidance

Loss avoidance is a risk management technique some organisations use to ensure they do not incur any liability other than what is budgeted for or deemed necessary to create revenue. The survey found a majority of respondents preferred to avoid losses in risky situations rather than consider any potential opportunity (Table 7).

4.5.1.4 Loss aversion

A conclusion that can be drawn from the survey is that respondents associated risk with both gains and losses as possible outcomes of an event. Over 50% of respondents disagreed that they concentrate on avoiding losses, while 38% agreed that they have done so. It appears, therefore, that a majority (51%) of respondents were concerned not only about the loss but also about an opportunity to make gains (Table 7). Based on the data in Table 13, a majority of respondents' approach to risk decision-making appeared to be influenced by an aversion to the probability of their organisation's sustaining heavy losses, even when there were gains to be made. These findings, though, concur in part with previous findings of MacCrimmon and Wehrung (1986), Shipira (1986) and Sullivan (1993), which tend to conclude that managers primarily associate risk with losses. However, the data shows that while managers are most concerned about losses, 32% are also willing to take a risk to gain high returns in the long term (Table 7).

4.5.1.5 Risk aversion

Risk-averse behaviour may be a feature of every manager who makes decisions, but many of the respondents in this study reported they are without systemic and strategic support in either the identification of risks or the cultivation of attributes that would likely lead to better decisions in risky situations. For example, 74% of respondents (Table 15) stated that the 'identification of risks are not in place', and 53% claimed the 'establishment of the organisation's risk appetite, risk tolerance and risk treatment measures' had not taken place (see Table 15). The data seem to suggest that risk-averse behaviour is more driven by the absence of a risk policy framework rather than the individual's being risk-averse.

4.6.0 Personal characteristics affecting risk attitudes

4.6.1 Seniority

The categories sampled reflected the level of seniority of respondents involved in this study. Over 31% of participants were top or senior executives, while approximately 69% represented middle management (Tables 1 and 3). This data provides a reasonable spread of views, particularly among the age groups captured (see Table 2). Also, the situations that would bring about less risky decisions varied between top/senior managers and middle managers, based primarily on the authority and the type of risk decision-making sanctioned.

4.6.2 Years of service

Top or senior executives tended to see managers' years of service with a company as critical to shaping attitudes to risk, especially if a history of successful decisions in risky situations exists. This assertion seems to be supported by 82.9% of respondents, who are of the view that more risky decisions are likely to be made if 'previous decisions of a similar nature have been successful'. Also, 88% believed less risky decisions are likely to be made if 'previous decisions of a similar nature have been unsuccessful' (Table 18). Further analysis of the data (not presented in the table) showed an even spread of support among all age groups for the two quoted statements.

4.6.3 Risk related to functional responsibilities

Risks associated with main functional responsibilities (e.g., finance and HR) varied in impact, as reflected in respondents answers to the relevant research questions. For example, in finance, financial losses, wasteful expenditure, and increasing operational expenses rate highest among participants (82%, 76% and 68%, respectively; see Table 16). HR risks in eight categories were rated relatively highly by respondents, e.g., in skills and competence (89%), employee relations (72%) and recruitment of key personnel (78%) (Table 14).

Not much can be said about what correlation exists between these risk factors and the actual skills and competence of respondent managers. Based on what has been learned from the literature on managerial leadership, one can conclude that managerial skills consist of hard (technical and specific abilities) and soft skills (relationships with people). The concentration of these, determines the degree of expertise and competence exhibited by all managers in risk decision-making.

4.7.0 Organisational factors influencing managers' attitudes to risk

There are many functional components of organisations that affect risk-taking. Respondents were therefore asked to identify from a list of selected elements (see Sections F, G and K of Appendix A) what they considered to represent a risk to their organisations. These components were spread over a large area and included culture, politics, one’s economic environment, knowledge, experience, human resources, and financial investment.

In many instances, risk issues appeared to be embedded within the wider organisational environment; for example, where there was a limited risk-planning process in place, and no mechanism to look at mitigation or corrective measures. A substantial set of responses arising from the exploratory survey referred to the actions and behaviour of managers in different circumstances and were captured under various themes (to follow). Tables 19–23 show respondents’ mean responses on a four-point scale, where *1* indicated *no risk* and *4* indicated *high risk*. SPSS (a software package) descriptive statistics were used to determine the percentiles, mean and measures of dispersion. The aim was to highlight the level of risk associated with each identified risk factor.

4.7.1 Culture

The issue of culture was examined from the perspective of the impact of differences existing within and outside of each island on risk decision-making. The conclusion was that there was not much of evidence of cross-cultural differences between the islands, but more so among organisational variables, i.e. differences between organisations presented as a more primary contrast. Seventy-two percent (72%) of respondents were of the view that ‘the cultural similarities of team members’ do influence managers’ risk-taking decisions. Just over half the respondents (53.55%) are not concerned about team members’ cultural differences, and 56.4% do not consider the ethnic/cultural characteristics of others as having any impact on behaviour toward risk (Table 9).

4.7.1.1 Impact of individual cultural differences on risk decision-making

Seventy-six per cent (76%) of respondents were not influenced to make risky decisions because ‘they know that their nationalities are involved in the execution of the decisions’. However, 68% of respondents, ‘when faced with risky situations’, are likely to be influenced to make decisions when communicating with people of a similar background and culture. Seventy-seven percent (77%) of respondents are not influenced to make decisions because ‘team members across borders are not involved in the execution of the decisions. Eighty-one per cent (81%) of respondents are of the view that individual cultural differences have no impact on the business decisions made on their island but impact the functioning of the firm on other islands.

With regard to cross-cultural differences and individual differences among the various islands, there appeared to be much inconsistency within each Caribbean state. All the responses relating to questions nine to eleven were collated based on respondents' responses within each country. The data was further tested using descriptive statistical analysis in Table 12 to determine the mean and differences in standard deviations per country. According to the data, except for Jamaica and Trinidad, the mean and standard deviations for Barbados, St Lucia, St Vincent and Antigua were similar. Jamaica and Trinidad, where population size and a greater degree of diversity may be considered contributing factors, showed little difference. Also, variations in the mean and deviation may be related to the steps followed in the decision-making process model and how decisions are implemented, e.g., according to the level of prior consultation and information sharing, which may result in more emphasis being placed on the role of organisational variables in risk decision-making, such as communication, managerial leadership skills and organisational values (survey question 21).

4.7.1.2 Organisational culture

Where there is a culture of risk-taking in an organisation, the variables respondents cited as impacting on their attitudes toward risk-taking were situational (e.g., having a risk policy, the identification of risks, or a statement indicating authorised areas of risk-taking and financial limitations). Likewise, where these attributes are absent, managers are more likely to be influenced by individual biases, personal influences and individual track records, with the result often being a less risky decision (Table 13). In Table 12, the data shows a stronger presence of those variables considered to have impacted respondents in the financial services sector attitudes toward risk-taking more than in other areas. A more structured framework toward risk-taking in the financial services industry is believed to account for the difference. Also, in Table 18, 81.8% of respondents claimed that 'where company culture emphasises taking risks' a riskier decision would likely be taken.

This outcome concurs with previous studies (Nixon, 1987; ICAEW, 1997, p. 3). Respondents support the view that managers' tolerance of risk-taking in others is dependent on the record of success of the concerned individual. This assumption is based on 82.9% of respondents' agreement that more risky decisions are taken when 'previous decisions of a similar nature have been successful' (Table 18).

The following cultural factors are considered to represent a moderate to high risk to organisations: communication channels and the effectiveness thereof (high); goal alignment (moderate); management style (high); entrenchment of ethics and values (moderate); and cultural integration (moderate) (Table 21). Managers appear to accept that organisational culture plays a crucial role in risk decision-making. They also recognise that individual and organisational reputations will be at stake if expectations related to corporate objectives or individual career/professional objectives are not met. A critical aspect of any risk culture is the extent to which employees are guided by a policy framework that not only seeks to identify risks but to establish criteria for risk evaluation and analysis.

Only 41% of respondents' organisations have a documented risk management policy. The majority of these organisations reside in the financial services sector (Table 17). On the other hand, 59% of managers reported that their organisations do not have a risk management policy and/or a risk culture among managers. These findings concur with those of previous studies (Schein, 1992; Nixon, 1987; Lonie et al., 1993). A majority (53%) of respondents reported that the 'the organisation's risk appetite, risk tolerance and risk treatment measures' are not in place (Table 15). A majority (61%) of respondents are of the view that a company culture that emphasises the necessity of taking risks would encourage them to make more risky decisions than a company with no risk culture emphasis. It follows, therefore, that managers appear to be more confident in their risk decision-making when those decisions are guided by a policy framework through which there can be a sharing of responsibility and accountability. There is also the implication there may be some correlation between the willingness to take a certain risk and correspondent feelings about 'what my boss will say when something goes wrong'.

4.7.2 Knowledge

Knowledge can be looked at from the perspective of having information relating to the operation and the tasks or assignment, as well as the skills and academic learning required to understand and perform. The comments offered by some managers in the study have shown that using knowledge successfully could help resolve some financial worries. There was a consensus among respondents that knowledge is the most important factor affecting managers' attitude to risk (Table 8). It is, however, imperative for managers to understand that though knowledge is valuable, applying it in different ways requires an internal risk guideline to ensure that there is a shared understanding across an organisation as to how such knowledge might be implemented to achieve the best possible results for the business.

4.7.3 Experience

Managers appeared to rely on experience as a critical risk factor. In their ranking of the level of importance of experience as a factor affecting their attitude to risk, 68% of respondents considered experience to be imperative (Table 8).

a) The experience of working in similar fields or the same industry will, of course, mean that the employee has a greater understanding of that specific market and the way in which businesses operate.
b) It usually means that employees have ready access to a list of contacts from whom advice can be sought, which can be useful when needed.
c) Experience can provide more confidence in a particular area, especially if the task is done infrequently (if at all) managers would be a better idea of what to expect, and they would be able to foresee problems more easily.

4.7.4 Political environment

The environmental risk varies from island to island and is driven by degrees of economic and political stability. Not surprisingly, crime and violence are considered by managers to present the most direct risk to organisations (85.7%; Table 19). As shown by the data, it is seen as more critical by managers in Jamaica and Trinidad and Tobago, where crime and violence are most prominent one of the highest in the Western Hemisphere. Crime and violence impact on investment decisions by stymying the investment flows and operational ability of firms to expand and grow their businesses. A point to note here is that, except in Trinidad, these economies are dependent on tourism and financial services. Furthermore, there is no significant political or ideological differences among the political parties in the Caribbean since the end of the cold war.

The absence of any significant political or ideological difference means that changes of government do not appear to create much of a direct risk for most organisations. However, to those organisations whose interests are likely to be promoted by a political party, there is the view that a change of government may be necessary to bring about desired changes in certain business policies that better promote the interests of said organisations. The responses to Question 23 of the survey were further analysed using SPSS to determine the mean and dispersion of respondents' perceived level of risk regarding change of governments, ministries charged with oversight, political unrest, and crime and violence.

Table 20: *Respondents' perception of the political environment (Q 23)*

The following environmental factors present a direct risk to your business (select the statement most applicable):	**Mean**	**Dispersion**
Change of government	1.91	.788
The performance of the ministry with oversight for the industry segment in which my organisation falls	2.23	.869
Political unrest	2.267	.940
Crime and violence	2.647	.896

The result of the analysis shows the political environment has the potential to impact the business performance of companies doing business or trading in the Caribbean. The extent of the impact may vary from island to island and has its genesis in the political and labour orientation of each island. For example, in the case of Antigua and Jamaica, the political parties were created out of the trade union movement with an ideology that often appears to favour the labour movement. The political environment existing in the Caribbean, as in other nations, can and does affect the economic environment; and the economic environment can and does affect organisational performance. For example, in Jamaica, a considerable number of differences have been identified with one political party's policy when compared to the other competing party's policies. The two opposing sides have, for years, differed regarding their policy prescriptions, especially toward issues related to the economy and labour. This practice has often had implications for government spending and taxes, which in turn has affected the stability of the economy and business of the island for well over four decades.

Experience has taught us that efficient management of the political environment can facilitate organisations' exploitation of new revenue streams through access to markets and joint venture partnerships. Without efficient political management, such opportunities would be at greater risk. When able to identify risk measurement and management techniques, risk can facilitate organisational buy-in for growth strategies that target bilateral agreements with emerging markets while improving the performance of existing businesses.

Additionally, changes in government regulation are another known factor that affects business risks. The constant change in policies and regulations can affect the stability of businesses. The financial scandal in Jamaica in the 1990s, and the one in Trinidad (which affected the entire Eastern Caribbean) during the first decade of the 21st century, for example, has led the regulatory authorities in these countries to be more focused on corporate compliance.

Throughout the English-speaking Caribbean, political stability has been a feature of Caribbean governments; therefore, the actual threat of a hostile takeover or overthrow of a government does not pose a threat to business per se. This hostility can lead to looting of businesses and rioting on the streets creating general disorders of the society and a threat to business.

Corruption increases the cost of business and adds to the problems of regulatory uncertainty, affecting direct and indirect foreign investments (see country report on World Bank Group Enterprise Survey, 2011). Because of strict Financial Services Commission (FSC) regulations, investment inflows to the Caribbean region are below the expectations and requirements of the islands to stimulate growth and wealth creation.

4.7.5 Economic environment

The economic factors (Question 22) in Table 21 represent the different views of respondent managers and are dependent on the economic health of their island. For example, in Jamaica and Trinidad, where there are no exchange controls, access to foreign currencies has been reliant on the principle of demand and supply. The degree of risk attached to exchange rates is likely to be higher since rates fluctuate according to the market.

Conversely in Barbados and among members of the Organisation of Eastern Caribbean States (OECS), where the exchange rate is fixed, the rate is far more stable and poses a low risk to organisations in these islands. Also, the exchange risk factor is dependent on the size of the organisations and their dependence on foreign currency for operational support. The more dependent a company is on foreign currency to support its operation, the greater the risk to that company.

The importance attached to increases in the interest rate as a direct risk is also varied for the same reasons as exchange rate; however, this becomes more complex among those companies with cash-management issues and that rely heavily on overdraft as a source of working capital. Based on the survey data, inflation is considered to be the factor with the highest level of risk to the organisations of respondent managers, followed by foreign exchange fluctuations (Table 21).

Table 21: *Economic environmental risk factors for business (Q 22)*

To what extent do the following economic factors present a direct risk to your business? (Select the statement most suitable.)	**Mean**	**Dispersion**
Interest rate	2.84	.888
Foreign exchange fluctuations	2.988	.917
Inflation	3.16	.77

4.7.6 Human resources

Table 22 (Question 19) shows that there are some characteristics of human resources (HR) holding a low- to moderate-risk influence on managerial attitudes. These potential hazards associated with HR can affect organisations' competitiveness over time. For example, where there is a shortage of talented managers, troubled companies may find it difficult to execute growth strategies and exploit the opportunities in the marketplace. Over a period, their competitiveness may be threatened. When this happens, human resource management becomes a more critical risk factor than ever before.

This study has brought to light some of the important risks associated with HR and how they can affect organisations' competitiveness. For example, due to a shortage of talented managers, some companies may find it difficult to grow fast and exploit potential opportunities in the marketplace. Over a period, these businesses can experience a decline in their competitiveness. The shortages of human resource skills and competence or the inability to retain key personnel are considered critical risk factors.

Table 22: *Human resource risk components (Q 19)*

The following human resource components represent a risk to my organisation.	**Mean**	**Dispersion**
Integrity and honesty	1.92	.99
Recruitment of key personnel	1.69	.667
Skills and competencies	2.67	.797
Employee relations	1.97	.716

Retention of key personnel	1.816	.72
Employee absenteeism	2.14	.74
Occupational health and safety	2.07	.66
Employee wellness	2.11	.747

4.7.7 Financial/investment

The avoidance of severe financial losses and particularly ruinous loss influences the attitude of most managers surveyed. For example, the key input into such assessment is based on whether there is no probability of recovering these losses in either the medium or long term, and there is no strategic importance in doing so for the rest of the business. In addition to financial losses, wasteful expenditure, budget allocation and management, as well as increasing operational expenses, are considered by the managers surveyed to represent low to moderate risk within their organisations (Question 20, Table 23).

Table 23: *Respondents' perceived risk of financial factors to organisations (Q 20)*

The following financial factors represent a risk to my organisation.	**Mean**	**Dispersion**
Financial losses	1.647	.81
Wasteful expenditure	1.777	.68
Budget allocation and budget management	1.81	.661
Increasing operational expenses	2.00	.696

4.8.0 'My boss's reaction toward me if something goes wrong'

4.8.1 Blame

There appeared to be common concerns among the surveyed managers about wrongdoing and the type of procedures in place to investigate the causes. A significant number of junior and middle managers (77.2%) considered their boss' reaction toward them if something goes wrong as 'very important' (Table 8). Such high level of concern indicates that when something goes wrong, the first response is to find out who is to blame, rather than to investigate the likely causes of what went wrong and what needs to be done to prevent any recurrence.

4.8.2 Equity and fairness

Given the above scenario (and based on the literature on blame), whatever goes wrong, the inclination is for managers to deny responsibility for what has happened out of fear they may be judged unfairly. There may be consequences, such as losing one's job or having an adverse impact on rewards, i.e., share of bonus/profits. The literature advises that if a manager has reason to believe that he/she will be judged unfairly by his/her boss when something goes wrong, there is a high probability that the manager will seek to deny responsibility for what has happened.

However, if there is a process in place to objectively investigate the cause and take steps to prevent any recurrence, then the employee is more likely to take responsibility once he/she believes in the credibility of the process and is perceived to have been delivered fair judgement. In this regard, even if the employee has been found culpable after a fair investigation, he/she is likely to accept the appropriate sanction.

Approximately 23% per cent of respondent managers consider 'My boss' reaction toward me if something goes wrong' as not of concern (Table 8). One may assume that because the normative practice of investigation is known, the perceptions are that they will be dealt with fairly and equitably. Many of the respondents who comprised this 23% more certainly represent financial services, based on the results of Table 17. We learned from the literature (Chapter 3) that where there is no trust or credibility in the process to determine cause and consequences, managers will be reluctant to take responsibility for mistakes, particularly when there is fear of job loss in an environment that has high unemployment.

Reputational risk arising from the actions of managers that goes undetected has the potential to inflict consequential damage to corporate businesses and their reputation over time. It is important to have a process that is transparent, with proven credibility for fairness and consistency for all organisational members, to determine not only what mistakes were made but why, and to take corrective measures.

4.9.0 Conclusions

1. An array of variables considered to have influence on risk decision-making were explored, as well as the attitudes that helped to shape managers' behaviour. In their responses to the questionnaire, managers appear to consider all risks to be important, though the degree of importance varies based on the background to the decision, and their personal and organisational characteristics.

2. Many conclusions can be drawn from the survey analysis, particularly those related to the analysis exhibited in Tables 1–23. The first conclusion is that many managers who exhibit risk-averse behaviour are not necessarily themselves risk-averse. Instead, they base their decisions on the circumstances, adherence to the organisation's risk policies and strategies, and on what works best for the organisation at the time.

3. The second conclusion is that while most managers may exhibit nervousness about losses and be cautious toward the magnitude of losses in the short term, some are prepared to consider any opportunity that may ultimately create gains or reverse any losses in the medium to long term. This preparation indicates the need for a balance of short-, medium- and long-term investment strategies if the organisation is to have future sustainable growth.

4. A third conclusion is that many managers concentrate on short-term investments (1–2 years), despite opportunities to make gains in the medium to long term (3–8 years). This action on the part of managers appeared to occur especially when the economic conditions are not favourable to business, e.g., during a protracted economic recession, unfavourable economic policies, and perhaps a time of too many regulations.

5. Although individual cultural differences are important to the process of managerial risk decision-making, the fourth conclusion is that the role of organisational culture and variables provides a greater understanding of risk-taking and how these factors help to shape managerial behaviour throughout the islands. Furthermore, organisational variables and culture, such as effective communication, managerial leadership, an organisation's values, and internal controls, impact risk decision-making and are useful to understanding managerial behaviour.

6. The analysis of survey responses has provided some insights into how personal and organisational characteristics impact the risk decision-making process. The information gleaned from this exploratory study was used to determine clues to identify major themes, upon which a well-informed qualitative questionnaire was developed to gain further insight into causes of risk-averse behaviour (Chapter 5).

7. The approach adopted in this study was purposeful and created the opportunity to derive

key insights not just into managers' perceptions and attitudes toward risk, but more importantly into how and why these perceptions and attitudes exist, and how they function in the various industries. Further, this study sought to examine the way these perceptions and attitudes impact individual and organisational performance. This type of insight may not have been possible without this study and is considered crucial to the design of well-informed and focused qualitative and quantitative survey instruments for Studies 2 and 3 (Chapters 5 and 6).

8. Seven broad areas of influence on risk decision-making were identified from the managers surveyed. The key influences arising from the exploratory quantitative study were as follows: the political environment, the 'reaction of the boss when something goes wrong', personal characteristics, financial investments, experience, knowledge, and organisational characteristics. Given the nature of the study, these influences are considered to have significant meaning in understanding the efficient operation of businesses in the English-speaking Caribbean amid economic and technological challenges and an acute shortage of managerial skills. The Study also provided opportunities for further research, notably in the area of political environment which seems to possess a level of sensitivity that is particular to individual islands but has the potential for high levels of impact on foreign and local investments, as well as social development, in each territory. Also, from the perspective of experience and knowledge, as revealed in Table 1, 73.5% of respondent managers in the age group 25-45, were middle managers, while 26.5% aged 46 and over were top/senior executives. This data indicates there is a need for an efficient system of performance assessment to ensure a more robust recruitment and retention strategy to minimise turnover levels among an already depleted pool of skills at the middle and upper end.

9. The study has provided useful information to allow for an improved understanding of the nature of the complex relationships between the identified variables impacting on risk decision-making.

10. Given this is an exploratory study; the depth of analysis is limited and therefore requires further in-depth probing of the responses. Some of the conclusions and findings are similar to those identified in other studies regarding headline variables with the potential to impact

on risk decision-making. The identified variables have been highlighted in the findings reported in quantitative studies (Glendon & Litherland, 2001; Mearns, Flin et al., 2001; Mearns et al., 2003; Taylor & Thomas III, 2003; Thompson et al., 1998; Zohar, 2000).

Chapter 5: Focus group discussions to probe deeper into managers' perceptions and experiences of salient risk issues that emerged from Study 1

5.0 Summary

The second part of this enquiry (Study 2) probed deeper into those variables identified in Study 1 as having an influence on managers' risk decision-making. This study characterises some of the most critical factors influencing managerial behaviour emerging from group debates, together with the consequences for organisations' performance and results. Four principal drivers of managerial behaviour are identified. These four external factors account for many of the current constraints and organisational influences said to impact on managerial behaviour. Such constraints include weak managerial/leadership, emphasis on short-term investments, poor reward structure, poor people skills, failure to share information, over/under-promising, blame and accountability, and delays in making decisions.

Many of the participants indicated that while the current economic recession may be responsible for most of the expenses being cut from their businesses, the result allows for the mere minimum staff complement. Many of the constraints existed beforehand and have become more visible. At the level of senior management, participants indicate that a range of impacts and consequences exist. These principally include a tendency toward aversion to losses regarding medium- to long-term investments, a loss of opportunities, low staff commitment, a decline in productivity, low staff morale, stifled creativity, a lack of innovation, reputational issues, and industrial disputes.

In the exploratory study, seven variables were identified as influencing managers' risk behaviour. The next step (Study 2) in this three-part complementary study were to use the results to develop a qualitative study that built on the findings from Study 1. The Study 2 focus groups were used to probe deeper into the salience of issues impacting the behaviour of managers and to determine what variables they consider important. The conclusion is that the variables cited present much information with which to take an organic approach to developing a more informed data set (using further insights from Study 2). Also, to build a more comprehensive quantitative questionnaire (Study 3) to explore more insights into the relative salience of variables influencing managerial risk decision-making in financial investments and allied resources. The evidence of differences at the various layers of management is interpreted as suggestive of either situational or behavioural

differences (or both) associated with job portfolio, seniority and experience.

5.1 Introduction

A conclusion drawn from the evidence from the exploratory investigation into risk decision- making (Chapter 4) identified a range of influences on risk decision-making, a number of which embody the potential to give rise to recognised sources of decision bias, not to mention sponsor recourse to heuristic, rather than systematic, strategies. There were also indications that cultural and social conformity effects were at play. An arising issue was a need to further explore the interplay of cognitive and situational influences.

To gain further insight into variables and phenomena impacting on managers' investments, operational compliance, and reputational risk decision-making, it was decided that a more detailed investigation into these variables was necessary. Given that the research was principally exploratory in nature, combined with the researcher's limited knowledge about risk culture in the sample organisations, a qualitative approach was undertaken.

Qualitative investigatory methods of various types are widely applied in social and cultural research and are making a growing contribution to risk research in a varied set of disciplines. It is notable that some of the most recent studies on risk decision-making have adopted such approaches. This practice is commonly adopted in the early exploratory stages of investigations (Gillen et al., 2004; Olsen, Bjerkan & Nevestad, 2009). It occurs where the use of loosely structured, freely associative elicitation techniques forms an integral part of the method. Such method serves to inform subsequent quantitative aggregate (e.g., questionnaire-based) approaches to studies of respondents' perceptions, attitudes and behaviour in the presence of risk. A potential advantage of adopting a qualitative approach at this stage within the research was the richness of the data this was likely to yield when compared to more reductionist techniques. It was felt that a qualitative approach would provide benefits regarding the researcher's understanding of the cultural drivers of risk decision-making, the complexity of the interplay of risk variables and, most importantly, the context and circumstances in which risk decision-making takes place.

Context and relevance to the main study

This study was designed to produce contextual insight into what is important to Caribbean managers, and to frame and provide a solid foundation for the quantitative research (Study 3) to follow. This study did not intend to determine or comment upon behaviour with reference to any objective assessment of risk, rather merely to discover phenomena that encourage Caribbean mangers to adopt more risk-averse or risk-seeking behaviour. The focus is on situational (rather than individual) components: on how managers make sense of their environment, on how this impacts their orientation and disposition toward risk, and how this reflects alignment with the work on workplace culture and climate within the health and safety (risk) domain. See Cox and Flin (1998); also, Pidgeon's *The Royal Society Review* (1992).

5.1.1 Aims and objectives

5.1.1.2 Aims

Characterise the factor structure of headline influences on manager's risk decision-making and determine the way in which these variables are important to managers.

5.1.1.3 Objectives

a. Recruit groups of managers across a range of different industry sectors/organisation types and job categories in the Caribbean.
b. Explore and characterise managers' perspectives on contributory influences on risk decision-making (identified in Study 1) to establish these influences' relative importance.

Focus groups were used to explore shared ways of making sense of the critical issues related to the aims of the study. This approach was considered the most appropriate way of encapsulating the complexity of beliefs about risk decision-making as experienced and perceived by managers. It also served to prompt wide-ranging discussions about the key issues faced by managers representing different organisations and industries, thereby adding nuance and depth to the research.

The findings of the exploratory quantitative survey; the work of Bauer and Bushe (2003), March and Shapira (1987) and MacCrimmon and Wehrung (1986); as well as insights from the study by Shapira (1995) were used to develop the core interview protocol (see Appendix D).

5.2.0 Method

5.2.1 Focus groups

5.2.1.1 Justification for method

The focus group was given preference over individual interviews after careful consideration of the advantages and disadvantages. The focus group method was chosen particularly because the information needed to be gathered from participants across industry sectors to engage with different points of view at the same time. A group format was considered to have the potential to:

a. examine social relationships in the field (a useful feature of this study);
b. stimulate new ideas and expand depth and variation in response to a description of relevant social events related to different industry sectors (Frey & Fontana, 1994). For example, the circumstances giving rise to risk decisions taken in one sector may be the same, or contrast with, another depending on the economic, structural or social constructs in a given sector.

The robustness of the discussions among participants from the various sectors created a better understanding of the background information. Exploring ideas and opinions in a small group setting has these further advantages. As Kitzinger pointed out, the 'group should be used to encourage people to engage with one another, verbally articulate their ideas and pull out the cognitive structures which previously have been unarticulated' (Kitzinger, 1994, p. 106).

5.2.1.2 Advantages and disadvantages of focus groups

The following are some of the benefits and disadvantages of focus groups versus individual interviews (Krueger, 1994; Morgan, 1997).

Advantages

a. For this study, it was an economical method of acquiring valuable data (given the high financial and time costs of travelling between islands).
b. Participants are given a chance to reflect or react to the viewpoint of others with which they may disagree or of which they may have previously been unaware.
c. The vigorous discussion among participants stimulates their thoughts and reminds them of their ideas regarding the research subject.
d. All those involved in the research have a chance to ask questions.
e. The researcher was able to clarify points of divergence and disagreement among participants and enquire about their diverse opinions.

Disadvantages

a. The researcher faced a few challenges in controlling the discussion and managing the process.
b. Care needed to be taken to ensure that voluble participants did not dominate proceedings or preclude/distort contributions from other members.

c. Data analysis was time-consuming.

The requirements of objectivity, reliability and validity are broadly the same as for one-to-one interviews. In fact, the group-interview technique did enhance objectivity, reliability and validity, and required a more varied skill set than individual interviews. In this regard, it is necessary to be sensitive to group dynamics, such as: how the opinions of one member can sway others, how relations outside the group influence response patterns within the group, or how group size affects response patterns (Morgan, 1997). To this end, the following steps were taken to prevent or mitigate these effects:

a. Every effort was made to avoid any one participant from dominating the debate, and to ensure that each participant was afforded equal opportunity to respond to issues raised and participate fully.
b. Attempts were made at the start of each group discussion to create a learning atmosphere, one in which each participant could feel comfortable to participate freely and to respect each other's point of view, even where there may be disagreement. This approach helped those members who were introverted.
c. Where participants tended to agree with the views of a dominant personality, the moderator would probe for further explanations. This intervention was to ensure against agreeing for the sake of doing so without having a sound reason, as well as to explore different perspectives.

5.2.1.3 Focus group structure

The sample size was thirty participants divided into six groups comprising four to six participants (see Appendix F). All but one of the groups had one or two participants more than the literature suggests is the ideal. Krueger (1994) suggested four members were ideal, while Morgan (1997) suggested six to eight. This group size was articulated by both Krueger and Morgan to ensure there was interaction among participants. The additional members, however, did not seem to affect the robustness of the discussions, as all members participated in the deliberations within the ninety minutes allowed for each of the six group sessions.

Participants included a mix of individuals who had completed the exploratory quantitative survey as well as those who had not but who were from the same sample of work organisations (see Table

6). Only the top three layers of management in each organisation were invited to participate, based on the assumption that this was where the burden of risk for decision-making resided. Participants were a voluntary opportunity sample across industry sectors and grouped according to their respective islands. Many of the major companies represented in the sample originated, operated and belonged to head or regional offices in Barbados, Jamaica, and Trinidad and Tobago. The consideration was that these countries would provide a more varied list of participants from a wider area of industry, with experiences not only in their respective countries but the other islands in the region. Many of the managers' portfolios extended to other countries such as St Lucia, Antigua, St Vincent, St Kitts, Dominica, and Grenada.

Each focus group was facilitated by the researcher and an assistant (one assistant in each of the three territories). The role of the assistant was to ensure that the meeting room was set up in an orderly manner and to register participants on arrival. The assistant monitored the tape recorder, ensuring that all discussions were captured. When a recording device was not in use, the assistant prepared verbatim notes; these notes were then compared to those of the researcher to ensure consistency and accuracy. The researcher followed a focus group guide, with a standard introduction, opening question, discussion topics, and probes. There was variation in the order in which the items were discussed between the focus groups (see Appendix D).

Four of the six groups were audio recorded, while the discussions of the other two groups were hand-recorded by the assistant (based on requests by some participants in those groups not to be voice recorded). All discussions were backed up by summary reports written by the researcher and assistant. A breakdown of participants distributed by industry sectors and occupational grouping is provided in Appendix F. The rationale for engaging the most senior managers in key industry sectors was to promote a broad base of participation and to get a wide perspective of the topics discussed from the top decision-makers in the industry.

5.2.1.4 Focus group protocol

The focus group protocol was designed to explore a set of issues (see Appendix D). Specific topics explored in the groups are listed below. Their salience was highlighted in the literature by authors such as Kitzinger (1995) and Parker (2007), and by the conclusions arising from the exploratory survey (Chapter 4).

Topics explored within the focus groups:

1. The main factors influencing managerial decisions
2. Managers' primary concerns when faced with risky decisions (see glossary of definitions)

    a) Primary concerns to self and business

    b) Causes of worry

    c) Business and personal impacts

    d) Damage to reputation

    e) Accountability and blame

3. Risky decisions that went well and those that went badly, and an explanation of the consequences
    a) Good fortune/bad luck
    b) Skill/lack thereof and expertise

4. Personality traits considered critical for effective decision-making in risky situations
    a) Decisiveness
    b) Self-confidence
    c) Innovativeness
    d) Embracing of change

5. Managerial leadership effectiveness

6. Scenarios in which risk-aversion can affect business results
    a) Failure to take advantage of potential business opportunities
    b) Not able to push back threats to the business
    c) Unable to manage rising costs.

5.2.1.5 Sampling

The adoption of cross-group sampling brought an element of 'triangulation' to data interpretation. Sampling across different groups of managers helped to explore the range of variables participants and groups considered important, and their potential impact on managerial behaviour from different perspectives. The perceptions of the top executives or senior management were viewed as being of particular significance to the extent that their interpretations of managerial behaviour were manifested. Attention was also paid to the degree to which their interpretations extended beyond their perceptions of the participating companies to broader perceptions of the various industries represented by all respondents. A sample of the characteristics of the managers surveyed is exhibited in Table 24.

Table 24: *Sample characteristics of managers surveyed*

	Nature of business	Size of company	Location
CEO/Presidents/General Managers/COOs	All Types	Small, Medium & Large	Barbados, Jamaica & Trinidad
Sales & Marketing Manager	All Types	Small, Medium & Large	Barbados, Jamaica & Trinidad
Financial Directors/Managers	All Types	Small, Medium & Large	Barbados, Jamaica & Trinidad
Operational/Production Managers	Manufacturing	Small, Medium & Large	Barbados, Jamaica & Trinidad
Human Resources Directors/ Manager	All Types	Small, Medium & Large	Barbados, Jamaica & Trinidad
CIO/IT Managers	All Types	Small, Medium & Large	Barbados, Jamaica & Trinidad
Procurement Managers	All Types	Small, Medium & Large	Barbados, Jamaica & Trinidad
Property Managers	All Types	Small, Medium & Large	Barbados, Jamaica & Trinidad
Bankers & Financial Officers	Insurance & Finance	Small, Medium & Large	Barbados, Jamaica & Trinidad
Risk Assurance Managers	Insurance & Finance	Small, Medium & Large	Barbados, Jamaica & Trinidad
Quality Assurance Managers	Manufacturing	Small, Medium & Large	Barbados, Jamaica & Trinidad
Warehouse Managers	Distribution & Retail	Small, Medium & Large	Barbados, Jamaica & Trinidad
	Communication &Transport	Small, Medium & Large	Barbados, Jamaica & Trinidad
Project Managers	Construction	Small, Medium & Large	Barbados, Jamaica & Trinidad

5.3.0. Data analysis

To capture both majority and minority views, and to identify emergent themes, the focus of the analysis was on the individual participant and the group (collectively). To this end, a thematic analysis was considered and chosen to be the preferred method. Thematic analysis is a method for identifying, analysing and reporting patterns (themes) within data; it minimally organises and describes data set in detail. It also interprets various aspects of the research topic (Boyatzis, 1998). Thematic analysis is considered by many researchers (Attride-Stirling, 2001; Boyatzis, 1998; Tuckett, 2005) to be the most common form of analysis in qualitative research and is preferable to other available methods. Thematic analysis differs from other analytic methods, such as thematic discourse analysis, thematic decomposition analysis, interpretive phenomenological analysis (IPA) and grounded theory all of which seek to describe patterns across qualitative data but are theoretically constrained.

These various approaches share a quest for clear themes or patterns through a whole data set, instead of within a data item, such as an individual interview or interviews from one person, as it is with case study form analysis, e.g., narrative analysis. Murray (2003) and Riesman (1993) suggested that thematic analysis was preferred for this type of study because of its:

- Flexibility for identifying, analysing, and reporting patterns and themes within data
- Suitability to large data sets (such as this study)
- Capacity to enable researchers to go beyond the reach of individual experiences
- Ability to support the interpretation of themes
- Potential to allow groups to emerge from the data.

Despite the above points, there were some issues with this method, which Murray (2003) and Riesman (1993) opined may create some challenges for researchers, such as:

- The reliability of the method may be problematic because of the different interpretations researchers may apply
- The analysis may miss nuanced data
- Too much flexibility may make it difficult to determine the aspect of the data on which to focus
- There is limited interpretive power if the analysis excludes theoretical frameworks.

Being mindful of the above, every attempt has been made to provide clarity on the process and approach of the method used, as evidenced in Chapter 1. Also, carefully checked was that interpretations and rational points were consistent with the data extracts, and that the interpretations of the data were in line with the theoretical framework.

A full understanding of the content of the transcripts and all aspects of the data was sought. Having gotten familiar with the data, preliminary codes were developed that represent the salient features of the data. These codes were then interpreted and translated into themes. Further analysis was done on the collated codes, and further sorting carried out to combine or create a split based on the overarching themes that emerged. This process led to a refining, naming and defining of the themes. The final coding frame was developed through further assessment of the meanings and boundaries for each of the coding-category definitions, paying particular attention to the presence of the main differences between concepts or codes (Miles & Huberman, 1994). This process permitted the definition of identified themes, and a mapping of the constituent facets of each (see Appendix H), for the main coding categories developed.

Because of the substantial volume of transcribed material and initial assessment of content, a sub-sample of approximately 85% of transcripts was randomly selected for step-by-step coding and analysis. This proportion was used to ensure that the vast majority of data was captured. Data reduction was the first stage in data analysis according to the model by Miles and Huberman (1994). Data reduction is '[a] form of analysis that sharpens, focuses, discards, and organises data in such a way that "final" conclusion can be drawn and verified' (Miles & Huberman, 1994, p.11).

The exploration of the selected themes from the perspectives of the thirty participants, together with the findings of the exploratory survey, allowed a degree of triangulation to the results of the study, and thus added an element of robustness and confidence in the reliability of its results. This approach allowed a more nuanced and in-depth understanding of the cultural practices of the organisations represented by the participants.

Since this study comprised a relatively extensive data set, it was possible to provide a detailed pattern of the responses offered by participants. A relative scale was applied to indicate the strength (essentially frequency of articulation) of the sentiments expressed by participants (see Table 25).

Table 25: *Strength of evidence*

Semantic Applied	**Evidence Base**	**As a Proportion of 6 Focus Groups**
Few	Sparse	Individual comments
Few	Limited	Between 1 and 3
Some/several	Moderate	Between 2 and 6
Many/frequent	Widespread	More than half (n > 5)
All	Universal	Found in all groups

For data analysis, the main issues identified in the transcripts were themed according to seven broad categories. These categories, together with their associated facets, are summarised in Table 26 and later discussed. The analysis was supplemented by direct quotations in both the text and accompanying boxes demonstrating some evidence. These were attributed to top, senior and middle management. The quotations in each of the seven boxes also indicated that the views among participants were widespread.

Table 26: *Text coding themes and constituent facets*

Thematic Category	**Key Facets (Where Appropriate)**
Leadership styles (5.4.1)	Empathy (5.4.1.2); consistency (5.4.1.3) communication (5.4.1.4); flexibility (5.4.1.5)
Blame culture (5.4.2)	Trust (5.4.2.1); openness (5.4.2.2); fairness/equity (5.4.2.3)
Reputational risk (5.4.3)	Personal reputation (5.4.3.1); corporate image (5.4.3.2)
Systems of rewards (5.4.4)	Recognition (5.4.4.1); cash incentives (5.4.4.2); non-cash incentives (5.4.4.3)
Management concerns (5.4.5)	Staff commitment (5.4.5.5); lack of people management skills (5.4.5.2); conflict management (5.4.5.1); motivation (5.4.5.2); Building harmonious
Workplace pressures (5.4.6)	Increased workload (5.4.6.1);
Resources (5.6.1.0)	Human capital (5.4.7.1); financial investments (5.4.7.2); short-term vs long-term investments (5.4.7.3); long-term investments (5.4.7.4)

5.4.0 Discussion and interpretation of the identified themes

5.4.1 Organisational climate and leadership

Although managerial leadership was not a survey topic in Study 1, it was a much discussed, and sometimes controversial, topic in group discussions that evolved from respondents' accounts of their experiences. Some participants holding the most senior position (CEO, MD, DGM, GM) in their respective companies expressed concerns about the quality of leadership being demonstrated by some middle managers (second layer managers see glossary of terms and definitions) and supervisors (junior managers). A managing director commented:

> I have managers who delegate their full responsibilities for the accomplishment of the divisional objectives and decision-making power to their workers, some of whom do not have the skills or experience, while giving them a little guidance. This practice often created crisis situations impacting on the timeliness of the decision-making process in the company.

The major issues that arose included: the inability to motivate staff, not sharing required information, inadequate representation of staff's needs and interests, and indecisiveness. According to the background literature, these issues were often the results of weak relationship building and insufficient managerial influence over staff members as well as an overreliance on authoritative power. (Northhouse, 2010; Ahmed, Zakeer, Nawaz, Allah, Khan, Irfan Ullah 2016). Although not all participants agreed with these matters, there was a consensus among the groups that there were some serious issues of managerial leadership (at all levels) that affect the functioning and performance of organisations, and negatively impact productivity and growth. The disagreements experienced between senior management and middle management did not adversely influence the cohesiveness of the groups, since each disagreement was supported with specific verifiable examples. Furthermore, the disagreements were not among senior managers and underlings from the same organisation; they occurred when there were conflicting perspectives or accounts being offered by different organisations within the various industries. In this context, the group dynamism was enhanced; the quality of discussions led to a consensus conclusion.

It was further observed that some managers' accounts of leadership approach were different to each other depending on the sector. For example, accounts of leadership approach in the construction sector favoured more of an autocratic style than those given by managers in the financial services, which more favoured the transformational style of leadership, as exemplified in the following comments made by respondents:

> In the construction sector that I work for, much consultation takes place among the different categories of workers and managers. But, on a day-to-day basis, the manager of necessity must micromanage workers' activities to minimise costly errors. (Operations manager)

> I tried to pull the best out of my staff by focusing on their strengths rather than on their weaknesses. The level of commitment is phenomenal, and over time I noticed that they recognised much of their weaknesses rather than me pointing it out to them. (General manager - Jamaica).

Managerial leadership was imperative to the effectiveness of all organisations. The quality of an organisation's CEO, MD or general manager (depending on the titles, size and ownership structures of the companies) and the quality of those who held senior positions (e.g., CFO, HRM, operations manager) affected the performance of the organisation. The motivation and satisfaction of employees were no less affected. However, managerial leadership was only one of the major determinants of organisational effectiveness (Lawler, 2008). Many studies, in fact, have shown that the main determinant of most employee behaviour was not top management (e.g., the CEO or senior executives) but the conduct of an employee's immediate supervisor or supervisors. These were the individuals who could provide the most important day-to-day motivation and sense of direction to the members of an organisation. Another observation was that while different leadership approaches were evident in the organisations represented in the focus groups, the dominant approach appeared to be authoritative consultative and laissez-faire.

According to Kotter (1999), managerial leadership was about setting the direction or advancing the vision concurrently with the required strategies to achieve this vision. Another definition of leadership by Bennis and Nanus (1985) and Hamidifar (2010) emphasised rapport among leaders and followers in such a way as to reach a defined goal or goals. Leadership was, therefore, an essential element for the successful risk-taking of an organisation at different levels (top, middle or bottom). It is important to note that organisations were subject to constant changes emanating from both internal and external circumstances. Therefore, leaders in the modern business world needed to be able to strategize to manage such changes as they occurred. Here again, the leadership approach adopted was critical, as stated in the normative decision model by Vroom and Yetton (1973). The two critical elements of a leader's decision its quality and the degree of underlings acceptance were more defined by the situation and the followers than by the characteristics of the leader. These elements were represented in the following comment by a respondent:

> I strive to establish standards and create a climate in which my workers can be creative and

self-motivated toward the mastery of both short- and long-term goals, in a participatory environment of mutual respect, compatible with personal values. (General manager - Jamaica)

There are many leadership risks, the most common ones include:

Isolation

Being an organisational leader, one can be lonely and isolated, particularly when there is growth. Managerial leaders who start out in a small organisation that experienced rapid growth can find themselves alone, without a suitable support system or a person or group that gives feedback.

Temptation

Leaders may be tempted to surround themselves with people who will only say what those in charge wish to hear. Leaders should be constantly challenged, and one of the best ways to do so is for leaders to have people around them who will say what is wrong.

Loss of focus on management and operations

To lead a group effectively, a leader may not be close to the day-to-day activities; but he/she should never lose contact with those functions. Leaders need to know and understand what is going on, what has changed, and how the organisation fits into those changes. Also, it is essential to maintain a hold on when to move out of the leader's role and into the manager's role to ensure that the leadership team maintains the same focus.

'**Under-promise and overdeliver**'

Leaders can get carried away by popular feeling and the adulation resulting from winning one battle after another. During which time, the leader may begin to 'overpromise and underdeliver'.

The obligation to lead when it is necessary and manage when the need arises

Leaders must make an unpopular choice, if the situation warrants it, then explain that the decision was delivered in the interest of the whole organisation and not for the benefit of a minority of persons.

Selection of team members Regarding job knowledge and leadership skills, senior management must be careful when selecting other level managers as members of their team. Otherwise, a weak selection could impact the team's ability to perform efficiently, leading to potential human resource, operation and financial risks. Other key issues that emerged about leadership are discussed in the following subsections.

5.4.1.2 Empathy

Many participants expressed the view that a leader who focused on helping other people achieve their full potential while promoting the company’s goals would be optimal. While achieving such a balance may be the ultimate goal, human interactions are, of course, very unpredictable and are liable to be tainted by conflict, especially in pressured situations. The key question, therefore, is this: Will the situation allow the Caribbean manager/leader to create an environment conducive to both the achievement of the organisation’s goals and those of the individuals, even in the midst of any apparent conflicts? Such conflicts are likely to put even more pressure on the manager/leader.

> A company is only as good as its employees, and its reputation is only as good as that of its employees. I have been in positions where I have questioned a company as a whole due to how I was treated by top management. If someone in a leadership position is not empathetic, not respectful or not civil toward the employees in his/her charge, then that becomes the opinion you have of the company. And let’s not forget the damage that can be done to morale, the rate of attrition, and employee performance. How motivated are people going to be to do well for a boss that doesn’t care or seem to care, understand or try to connect with his employees professionally and personally? (Sales & marketing manager)

The literature on leadership suggests that the ability to understand and care for others within the organisational culture is a prerequisite for effective leadership (see, for example, Fiedler, 1996; Schein, 1992). Despite the implicit and explicit links between empathetic leadership and performance in many strands of organisational theory, however, surprisingly little critical research has been devoted to understanding these links and the impact they might have on organisational performance. Nevertheless, empathy helps to build trust. Where suspicion exists, empathising can provide good feedback on what the employees are experiencing regarding the managers’ treatment and communication with them. The manager can place himself/herself in a more advantageous position to change his/her communication strategies for greater effectiveness.

Despite the many benefits of being empathetic, certain risks were associated with empathy in the workplace. These were notably:

a. Not remembering what to say when focusing on what the other person is saying

b. Realising that some people may never feel affected using empathy

c. Burnout and high levels of stress on the part of the empathiser

d. Overindulgence that can hurt the manager's career, e.g., putting oneself in another's place without putting into perspective the circumstances impacting on an issue, which may result in biases in decision-making (Tone, Erin & Tully, 2014).

What participants appeared to be saying was that managers should be promoting an environment in which there is less conflict and more cooperation. They saw empathy toward team members and the issues they faced as central to earning and building their trust, factors critical to managerial decision-making. This view was supported by researchers in this field (see Gentry, , Weber, & Sadri, 2016).

Box 1: Views and perceptions on impacts of showing empathy and helping people

- My Production manager dedicated much of his time, ensuring that each of his staff members was doing things to improve their skills or get involved with programmes to develop their careers. Training costs in his department are the highest in the company with the least number of staffs. (Managing director)
- My concern is that many managers have become so focused on company objectives and targets that they spend little or no time engaging staff in ways that leave people edified, uplifted, encouraged and inspired. (Production manager)
- In the world of business, people are seen as just another resource. I believe managers need to practice real empathy as leaders and 'inspire others to greatness'! (Operations manager)
- I believe that empathy is part of managers' supportive role to his staff. This does not mean that a manager should compromise on discipline and rules but to work with HR and have good interpersonal skills to provide emotional support to team members. (HR manager) to achieve their full potential**. (Human Resources Manager)**
-

5.4.1.3 Consistency

Consistency is defined as 'the ability to remain the same in behaviour, attitude or qualities' (Macmillan dictionary 2019). It may be viewed as 'conformity with previous attitudes, behaviour, and practices' (Collins dictionary 2019). The *Oxford English Dictionary (2019)* defines consistency as 'the quality of achieving a level of performance which does not vary greatly in quality over time'. Consistent leadership behaviour allows a manager to better measure the effectiveness of work performed by team members. Until something new is tried over a specified period consistently, one cannot tell whether it will be a success or not.

Consistency creates responsibility and accountability. Managers ask their employees to be accountable for their deliverables and objectives; employees, in turn, expect the same of their managers. Managers place a priority on making themselves available to the team, working to ensure consistent and recurring meetings when the business requires additional attention. The time set that time is set for a progress report, becomes the catalyst that shifts an initiative along to a successful end.

> I have experienced companies in Jamaica and Trinidad where some operational decisions did not find favour with the board even though the board previously agreed with the concept and strategies. For example, we worked hard at the operational level to forge a merger with one of our competitors. When we finally made the breakthrough, our board decided against it because it was too costly. We worked the figures using different scenarios, and they were looking impressive, with an annual rate of return of 22% after three years. The board was not convinced that they should make the investment that would accumulate two years of debt, despite agreeing that it would be a good strategic move that could serve us well in the next 3-5 years. Six months later, a new player bought the company and introduced different marketing strategies and operational changes. Nine months after, our sales dropped significantly and we eventually moved from a profitable company to mere break-even, with little potential for improvements. (General manager - Trinidad)

Managers need to remain consistent with prior commitments. It can be very demoralising and time-wasting if attention and effort on initiatives or programmes are clinched for weeks or months and then ignored. If managers have committed to a course of action, they should be consistent and follow through, seeing it to the end, unless there are significant, unforeseen reasons forcing a stop order. Of course, as the general manager above pointed out, the team may see things one way, the board another and a different direction taken., Consistency helps to establish one's career and reputation. Business continuity and development require a consistent record of success. A manager cannot start a trajectory of success if he/she is always changing strategies or striving for new plans. Many works fail before they get to the finish line, not because the strategy or plan was unsound, or the objectives were not comprehensible, but simply because the team didn't stay on track to achieve the objective.

Consistency allows the manager to remain relevant. Employees and customers expect a flow of information from the manager. Very often, businesses of all sizes (small, medium and large) adopt an initiative or promotion but end it before it gains a footing in the marketplace

Consistency is maintaining a message. The team members pay as much or more attention to what the manager does and says. Uniformity in the manager's leadership serves as a model for how employees will behave. If a meeting is treated as unimportant by the manager, it is likely that this attitude is shared by fellow teammates and customers. The benefits of consistent actions and behaviour are well documented, but there are many risks that can arise from inconsistent managerial behaviour, some examples of which are listed below:

a. Inconsistent management has the potential to turn an outstanding and enthusiastic employee into an extricated and angry employee who becomes complacent and indifferent.
b. Inconsistent management can lead to an employee who once thought of himself/herself as competent and good at what he/she does to question his/her competence, and degenerate into a state of confusion and fear.
c. Inconsistent managerial actions can cause serious mistakes to be omitted from an employee's performance reviews, thus leaving a decision to terminate open to questioning. Inconsistent management can lead to unsatisfied customers, increased operational costs and reduced revenues.

5.4.1.4 Communication

Participants expressed a strong view that effective communication helped foster better understanding of persons and situations, and enabled management and employees to resolve differences, build trust and create environments characterised by creative ideas, problem-solving and mutual respect. They commented, however, that for various reasons, misunderstandings often occurred in the workplace, causing conflict and frustration in personal and professional relationships. Key reasons given included: people not always doing what they said they would do; information necessary to better understanding a situation or decision being withheld or not shared; failure to listen or to solicit ideas and suggestions from others who might have better alternative solutions to a problem. Regarding these issues, respondents expressed a critical need for more face-to-face communication between managers and their staff, as well as for managers to recognise that workers, too, could think creatively, if they were allowed to express it.

> I have two experiences over a ten-year period with two different companies which I would like to share with the group. The first company was going through financially hard times and decided to lay off one-third of the staff without notice. This action created an industrial dispute which led to a three-day strike that cost the company millions of dollars. All of this added to the already poor financial state of the company. Even though the company went through with the layoff, it continued to experience financial hardships which further l to more layoff in the proceeding months. Employee morale also suffered big time amidst the levels of uncertainty and mistrust.
>
> The other case involved a similar situation which saw the company losing revenues as a result of low demand for its products. The CEO called a meeting of his executive staff, and outlined the issues and challenges faced by the company. He instructed them to call similar meetings with their staff (total, 325) and advised them to indicate by way of suggestions and ideas how they may contribute to the turnaround of the company. He instructed them to meet again with him in three weeks, with all suggestions and ideas [to be] received. At the end of the third week, the executive staff met with the CEO with 235 suggestions. The CEO and his executives discussed and analysed all suggestions and accepted 125. Interestingly, none of the suggestions involved laying off staff but did include staff attrition, shorter hours of work, a wage freeze, a review of methods, removal of non-profitable products, and introduction of new product lines and performance-based incentives. The company was able to turn around its fortunes within 18 months without having to lay off a single staff member. Morale raised high, as both management and staff took ownership of the measures that were put in place. If you look carefully at these two cases, the differences lie in the management style of the two companies and the willingness to constructively engage staff, thus demonstrating that management does not have the

monopoly on solutions to business problems. (Operations manager)

The risks that arise from communication or lack thereof are varied and include:

Internal control breakdowns

Poor communication is evident in lapses in control activities. Managers need to have a clear understanding of their roles and job responsibilities to avert any softening or disregard for their duties and power. Such failures can affect the work of others and, ultimately, the organisation's command structure. Misunderstandings can also lead to mistakes. Communication can take the form of written policies and procedures, staff meetings, and one-on-one discussions.

Lack of accountability

Accountability begins with managers leading by example and setting the right tone. Effective communication flow guides employees to understand what to expect of the organisation, including with respect to their individual tasks. Communication of expectations and timely feedback on performance, whether positive or negative, gives employees the comfort of knowing where they stand in the organisation.

Elevated stress

Unclear direction and expectations will trigger rumours and fear, which can lead to increased employee stress. An employee who is stressed is less capable of concentrating on the work, and mistakes can impact productivity.

Lowered morale

Unclear and irregular communication can lead to gossip and rumours. Communication must flow throughout the organisation—upward, downward and across—for it to be effective. Collectively, these risks can affect operational costs and contribute to reduced productivity and profitability.

5.4.1.5 Workplace flexibility

Workplace flexibility pertains to the strategies needed to get the work done, and how managers organise workers and workflow. Based on the literature, there are different types of flexible working models, some of which are below:

a. Reduced working hours, e.g., four morning hours per day, three times weekly
b. Staggering of operational hours, e.g., working from 10 AM–6 PM instead of from 8 AM–4 PM

c. Job-sharing, e.g., two people work at different times of the day to complete a job—one in the morning and the other in the afternoon
d. Working from home or remotely
e. Compressed hours, e.g., fitting a five-day week into four days.

Participants noted that flexibility was essential to the effectiveness of their organisations. They used it to maintain or improve their employee engagement and retention, as well as to manage workloads, but this was often resisted by the unions. Research has shown that flexible work options boosted productivity, enhanced efficiency, and drove business results. There was the feeling among some participants that management (at all levels) needed to develop an inclusive approach to looking at flexible work hours and multiskilling. There were mixed views about achieving this, as it was felt by some participants that the union had put up some resistance to the idea in the past. When probed on the matter of union strength, it was revealed by some managers that the unions did not oppose the principle, rather the approaches used by some managers (e.g., failure to engage the employees in discussions before making flexibility decisions and open rejection of any ideas coming from the employees).

> Implementing certain workplace flexibility in the IT industry will require a different approach as compared to having a normal work schedule for everyone and having all my employees working from the same offices. Employees will have to learn how to troubleshoot basic networking issues or solve certain problems to make them more self- sufficient and ready to work on their own. Supervisors, on the other hand, have to be trained in managing people working from different locations, even from their homes. It is not easy managing the staff in one location, and I do believe a manager will need to redouble his efforts to manage, for example, flexible working hours from multiple locations. (Chief information officer)

> I represent what may be regarded as a large company (by our Caribbean standard), with 3,500 employees, and our experience with establishing flexibility over the last five years is that it has reduced our turnover cost by 55% and raised the morale. The level of absenteeism and lateness were also reduced because, in some respects, people were allowed to choose their working hours within a certain time frame. With these flexibility arrangements, employees, we noticed, became more open and willing to offer suggestions, and were more

> trusting of each other. What emerged most of all was working for teams rather than persons with personal agendas resulting in an evolving, high-performance culture. (Managing director)

A well-developed flexibility programme is likely to benefit employees and their organisations by reducing risk factors related to time management, workload issues and workflow. There is the potential for employees to become more efficient, more creative, and more willing to take calculated risks about decisions they must make.

For organisations operating with work flexibility, the benefits are many, and include a more efficient and productive business potentially a more encouraged and determined workforce, with less staff turnover, less absenteeism, and improved customer service.

Although there are benefits, some challenges exist with regard to implementing a flexible work model, mainly because of inherent risks such as:

a. Reduction in consistent control for the manager
b. Inequitable treatment of staff
c. Inequitable employment terms
d. Work-life balance/expectations from some employees.

Not all participants were enthused about flexible work arrangements; some were quite sceptical (based on past experience), offering the following comments:

> If managers focus on flexible hours, some employees may see the business as trying to exploit them by making them work longer hours, whether they see it as desirable or not.
>
> Having different people on different work patterns and different shifts is a real challenge for managers to keep up with their training regimes, e.g., in health and safety courses, and to maintain their team spirit, values and business culture. (Director of operations)

5.4.1.6 Accountability

Webster's Third International Dictionary (2019) defines accountability as 1) the issue of being accountable (answerable or explainable), 2) the state of being liable, and 3) the state of being responsible. For the purpose of this study, the definition of 'liable' and 'responsible' were relevant. According to Patterson and Grenny (2005), accountability was the willingness to accept responsibility or to account for one's actions consistently, day in, day out, in the execution of one's tasks and relationship interactions to achieve an organisation's objectives. It was not enough to hold people accountable (Bregman, 2016). Their willingness and courage to adopt an attitude and behaviour leading to the creation of a culture of accountability, and to model such behaviour, was of crucial importance (Patterson & Grenny, 2005).

Participants were quick to point out the difference between being willing to take responsibility and being compelled to perform a function or produce a deliverable. In an organisation characterised by a command-and-control culture, the performer was obligated to take responsibility for delivering an outcome. There was almost majority acceptance by respondents that accountability foisted on a performer (an employee) by a boss was incomplete without some willingness on the part of the boss to accept ultimate responsibility and stand by the consequences. For a senior person to say, 'I am holding you (the employee) accountable,' was not an excellent way to boost accountability. Real accountability, therefore, came from the employee's and the boss' behaviour and actions in this regard. Mutual acceptance of accountability was critical to the likely success of any decisions made in situations of risk, and to ensuring their proper monitoring and evaluation.

> My colleague was instructed by his director of operations to subcontract part of a project so as to free up his time to take on a huge project but to retain oversight management. My colleague complained that while not having any issue with subcontracting the project, he believes the oversight management should be given to someone else as he did not think he would have the time given the size and nature of the project he is taking on. The director insisted that he wanted him to retain oversight management. The project was subcontracted but failed to deliver on time, with 15% overrun costs. My colleague was held responsible and was penalised by having his bonus incentive reduced. Of course, my colleague was very dissatisfied, and although he was not against taking some responsibility, he is of the view that he was dealt with unfairly. The director should also be held accountable for the decision made for him to retain oversight management, given the scope and span of control of his new assignment. (Production manager - Trinidad)

When employers and employees mutually accept their respective responsibilities, they were equally responsible to each other; employees could be confident their work would be rewarded appropriately. Shared accountability among all relevant parties, along with effective leadership, could help provide employees with a sense of empowerment and belonging (Patterson & Grenny, 2005). It could also lead to greater levels of confidence and a willingness to take risks.

> One of the key things that I try to instil in my managers is the need to create a more accountable environment, and I believe the best way to do it is having them holding each other accountable. It is what I called 'interlocking accountability'. In my organisation, when something goes wrong, or someone drops the ball, no one is blamed or judged. We acknowledge the problem, try to resolve it using a process that is reasonable, transparent and proven to be fair. This allows employees not to fear retribution for their honest opinions and ideas. (General manager - Barbados)

A recurring theme across the focus groups was the extent to which accountability was perceived by managers at different hierarchical levels and across industries. In some organisations, accountability appeared to be functional at one level of the hierarchy, while on another level it seemed to be dysfunctional, either because of poor management or inadequate policy procedures, or a combination of the two. In other instances, accountability was foisted on the employee. The result was inconsistent managerial practices, which could serve as a hindrance to effective decision-making in risky situations.

> In my organisation, there are systems, policy procedures and operational performance standards which drive company and individual performances. So, there is no room for the 'blame culture', as each is held accountable within the policy and system framework. If a project succeeds or fails, the outcome is measured against the issues concerning right or wrong as against who is right or wrong, and corrective actions are developed and implemented. In this regard, team members are affected not by what may be done to them but by the transparency of the process. (Managing director - Jamaica)

> People need to know that if they messed up, they are going to be treated fairly, even where sanctions have to be applied, providing it applies to all in similar circumstances. I think that is what people are expecting. They look for you not to put yourself on a pedestal and say, 'You mess up, you are on your own.' (Production manager - Barbados)

When employees worked in an enabling environment, they tended to feel more pride and ownership in the company. Senior and middle managers, however, had to set the platform for this to happen by considering all employees as respected members of a team in which each had an integral role in helping the company achieve its goals (Patterson, Grenny, McMillan, Switz & Maxfield, 2005). Accordingly, when employees felt pride in their place of employment because of the accountability practised, they were more likely to work efficiently, reduce risks and have better control.

A lack of employee accountability could bring about certain risks depending on the nature of the business, such as issues relating to:

a) Compliance (e.g., employees not complying with company policy procedures and applicable laws)
b) Training (e.g., resource limitations or insubordination)
c) Conflicting priorities with laws or regulations
d) Reputation (e.g., unacceptable behaviour may be damaging to an organisation's
e) reputation)
f) Investment (e.g., if activities are either illegal or unacceptable, the organisation may have to walk away from an investment)
g) Business continuity (e.g., time and resources may have to be diverted).

5.4.1.7 Blame culture

A blame culture occurred when an organisation was characterised by the unwillingness of its employees to take risks or accept responsibility for failures/mistakes because of fear of criticism and job loss (Peam, Mulrooney & Payne, 1998). A blame culture could lead to serious problems for an organisation:

a) Dysfunctional relationships and poor staff morale
b) Staff shifting their energies from the interests of the organisation toward self-preservation
c) Mental energy shifts to defend one's position, and the introduction of biases to alter the accurate assessments of situations
d) Fear that prevents individuals from taking risks or being creative, favouring the avoidance of blame instead.

Failure on the part of the organisation to handle these and other matters resulted in costs to the organisation through poor quality products, service failures and loss of customers, poor staff morale, high staff turnover, and high recruitment and training costs. In addition, the cost of lost opportunity and low innovation, and of the inability to create better products and quality services, led to a loss of market share, producing a negative impact on the organisation's revenue streams.

Participants commented that blame culture had a long history in Caribbean societies but became more intense during economic recessions, when more focus was on individual and company survival. In exploring this issue with participants, attempts were made to discover some ways in which blame manifested itself, and the sociocultural and organisational factors that underlay it. One area explored related to whether people and organisations learned from the mistakes made, and the long-term effects on morale and productivity. Some participants were of the view that learning had indeed taken place but at a high operational cost relating to a breakdown in professional relationships, a slowdown in the decision-making process, and a failure to make timely disclosures critical to decision-making. All of these eventually affected overall efficiency, e.g., production scheduling, leading to delays or the cancellation of orders and contracts.

> In my company, an inordinate amount of time seems to be spent pinpointing problems and complaining about other people, particularly those of the lower [ranks]. When things go wrong, we often appear not too interested in what went wrong and why (but who did what), so that action can be taken to avoid repeating the problem. The motive behind reviews appears to expose who did what, rather than to resolve what went wrong, and so the error is often repeated. Although the company is performing adequately, it could have been brilliant, if only this practice [were] discontinued at the top. Against a backdrop of fear and negativity, there is unwillingness among middle managers to take reasonable risks. This helps to deter the company from attracting competent staff. (Human Resource Director - Barbados)

> If every time something goes wrong, a method does not work or there is a failed decision, and those staff members involved are openly blamed, and even ridiculed, then people will begin to lose confidence and self-worth and withdraw. Unfortunately, the blame culture has been a part of our Caribbean culture for a very long time. The politicians seem to strive for it to gain power in no less a manner than how some managers used it to cover their shortcomings. (Human Resource Manager - Jamaica)

Participants were strong in their view that culture and atmosphere needed to be modelled by top executives (including board members). Essentially, risk was a part of the business process for an organisation. The literature has indicated that an organisation did not grow without the occurrence of mistakes, which could be at any level (including the board) yet were to be dealt with constructively, rather than negatively, at all levels. Top executives should therefore support their managers to work through any problem while maintaining the focus on issues of performance and growth. Any progress made should be acknowledged with complete concentration on achievements.

> If managers have no option, they will follow through with the board's and chief executive officer's orders, or simply choose to do nothing. Senior executives need to make managers understand that they always have a choice to act, or not act if it is felt it is either in or not in the best interests of the organisation. It is important to ensure everyone in the organisation considers the full range of options, even those that might seem not doable at first glance. I believe if a person knows he has choices, it is difficult for him to blame others for his actions, or lack thereof. On the other hand, if the board or the chief executive officer does not allow their managers options in decision-making, it is unfair to expect the manager to take ownership for the results. (Chief operating officer - Barbados)

> Managers like to know what is expected of them; it removes the element of fear. It is critical that everyone, including the board or CEO, has specific, measurable and achievable, goals and timelines. For the team to accomplish what we need to accomplish and learn to accept responsibility requires an executive who is courageous enough to ask clear and direct questions delivered in a manner which conveys the message 'I wish for you to win'. Results will improve over time as managers get to develop a routine of thinking about their roles within the organisation, and how their risk choices and attitudes impact the big picture. (General manager - Trinidad)

If top executives exhibited negative behaviour or failed to set the correct tone to influence constructive behaviour down the line, it could seriously affect the ability of the organisation to confront the various operational/financial and other risks it might face. Based on the accounts above, it appeared that more organisations needed to invest in developing an appropriate system and procedures to enable them to conduct an appraisal of what was required regarding established performance criteria and provide for brainstorming and buy-in among the managers. Such an effort would help to establish transparency, fairness, and confidence in any decision to investigate what went wrong and determine possible culpability and necessary sanctions. It would contribute to establishing a procedure to determine appropriate rewards for outstanding achievements. The ultimate goal was to get managers to accept and take ownership of a process that was proven to be fair; one in which they had confidence and would allow them to participate in appropriate risk decision-making willingly.

5.4.1.8 Trust

Trust can be defined as a decision to become vulnerable to or dependent on another in return for the possibility of a shared positive outcome (Munns, 1995). This definition applied to the trust between managers and their employees. To achieve this result, managers and employees had to be dependent on each other. The manager relied on his employees for various skills and commitments required to carry out activities successfully. Similarly, employees were reliant on managers for their salaries, information and guidance. A similar conceptualisation of trust has been presented by Coleman (1990), who argued that confidence arose in situations in which one took a risk on the performance of another performer. Trustworthiness within organisations could be viewed from two perspectives: the broad organisational level or at the level of managers (employees). The elements of organisational trustworthiness included:

Culture and climate

These represent how employees saw their organisation's trustworthiness, which was often communicated through shared cultural beliefs, norms and values.

Leadership and management practice

The actions, authority and accountability of the board and senior leaders informed employees' impressions about the trustworthiness of the organisation.

Structure, policies and processes

These related to the lines of reporting; allocation of responsibility and authority; and guidelines, rules and procedures governing decision-making, communication, the conduct of employees, and human resource management strategies. These set the strictures for satisfactory behaviour and forcefully impact trustworthiness.

External governance

This represented the expectations of what constituted trustworthy behaviour as they related to the external governing structure and rules that controlled the conduct of the organisation.

Strategy

The corporate strategy indicated to employees the behaviour expected of them, and the organisation's actual values and priorities. It also signalled the organisation's intentions to act with integrity and benevolence toward stakeholders.

Public reputation

Employees favoured a stable public reputation for trustworthiness, whereas external dismay over the poor quality of services and products could undermine employees' perceptions of their organisation's trustworthiness.

The extent to which employees perceived the functioning of these components determined whether there was a low or high level of trustworthiness in the organisation. Whatever that level was, it would have a profound impact on management's capacity to take financial/operational and human resource risks.

Trustworthiness perceived at the manager's level had five elements:

a) Competency

This represented a combination of knowledge and skills a manager needed to perform a job function effectively, including technical expertise and interpersonal skills, both of which were standard requirements for a manager. Interpersonal skills applied to all managers, while technical skills were unique to a technical area. Both general and technical competencies had a required proficiency level.

b) Communication

This was the ability to communicate well orally and in writing, to share appropriate information, and to solicit timely feedback from employees.

c) Caring

A manager was one who showed respect and concern for his employees and contributed to their personal career growth.

d) Honesty and integrity

This was always the practice of speaking and acting truthfully, irrespective of challenges faced, and of treating all workers with respect and dignity.

e) Consistency

This was the ability to apply policy procedures related to performance training, promotion and discipline, and fair rewards for all employees.

f) Motivation

This was the ability to inspire employees to work willingly, both individually and collectively, to efficiently achieve optimum results for the team and organisation.

Employees trusted their managers to look after their welfare, but many lacked confidences in their managers’ technical competency. Additionally, some managers were good communicators but inconsistent, and showed no caring or compassion; others were highly competent but could not be trusted with confidential information. The reverse was equally true of managers not trusting employees because of a lack of confidence in employees’ ability to perform, or in their reliability and punctuality.

The issue of trustworthiness could be present at any or all levels of the hierarchy. For example, on one level there, was the board, on the next, the CEO. Then there were senior executives, middle managers, supervisors, and, finally, the workers (depending on the structure and size of the organisation).

> I once had a CEO who took pride [in collaborating] openly with his employees. I noticed that it provided each employee with...insight [into] being in an entrepreneurial position talking to another entrepreneur. It worked out to be smart business as it deepened the employees’ connections to their contributions. As I recall, the organisation benefited significantly as these contributions drive larger initiatives to the mutual advantage of the organisation and employees. (HR director - Trinidad)

Where there was continuous trust or mistrust related to any of the six elements at any level of the organisation it became the norm and part of the organisational culture. The relationship then shifted from a manager-employee relationship to that of an employee-employer relationship. If there was mistrust, it had further implications; for example, in the case of an accident, the blame was likely to be apportioned to the employer or the employee in the absence of an independent investigation, because there was mistrust on either side, making it difficult to determine culpability. The perceived level (high or low) of trust or mistrust of the current relationship between managers and employees, or employees and the organisation, impacted on managerial readiness to take risks.

Trust involved the recognition of a person's vulnerability to the actions and choices of the trustee, not to mention the importance of retaining this vulnerability by not attempting to erect barriers to protect that person's interests (Brien, 1998). Implied in the above discussion the notion that trust was the mirror image of risk, that a high-trust situation suggested low perceived risk. When risk was low, the more efficient approach was to go forward with risk-taking because trust's level of reliability was higher.

For managers to get things done, they often depended on their ability to work well with other people; the building of healthy relationships was considered essential for their success. While there were many ways to build relationships with people, trust was the glue that held them together (Vroom & Yetton, 1973). In each of the focus group discussions, participants expressed the view that there was a lack of trust at all levels, citing reasons such as management's failure to deliver on promises or overpromising, a lack of openness and commitment to the cause, and playing to the gallery (management by popularity).

According to Mayer et al. (1995), trust was needed because relationships between people working together often involved interdependencies; people, therefore, were required to trust others in some way to attain their personal and organisational objectives:

> Where employees are made to feel everyone is pulling together to accomplish a common goal, rather than a series of personal agendas, they will work as a team and trust each other. I am of the belief that it can only start when we truly believe that we cannot accomplish anything by ourselves. We need to foster trust in the people we lead. To do so, we must share information and communicate the truth consistently with them and demonstrate an attitude of care for their welfare. As managers, we often fail to foster that team spirit, that oneness, and so employees model what we practice instead of what we say. (General manager - Trinidad)

Managers should seek to nurture a good relationship with their employees and take care of their commonly shared interests; this would render the relationship beneficial for managers and their co-employees, as well as the company as a whole. Scholars and practitioners have long recognised that strong employer–employee relationships often led to greater employee satisfaction and significantly improved productivity. Where a climate existed to foster and nurture good relationships within the workplace, participants (owners, managers and employees) would be more willing to participate and share in the risk decision-making process.

> Honesty must begin at the top and then move down. Honesty means, among other things, keeping promises and always telling the truth, no matter how difficult it might be. We need to consider all our employees as equal partners, thus giving them a sense of importance irrespective of what their position is in the organisation. (Human Resource Manager - Trinidad)

> I have witnessed my director putting down some colleagues (including myself) in staff meetings on issues which require a one-on-one meeting. On two occasions it got so bad that one colleague could not take it any longer that he requested to be excused from the meeting on the pretence that he was not feeling well. This behaviour has caused other managers not to disclose adverse information about the business for fear of victimisation and unfair prosecutions. Over time, this has hurt the morale and trust levels of staff members so much that no one wants to attend staff meetings anymore. (Operations Manager - Barbados)

Trust within working organisations was an essential component of human resource behaviours and relationships that could potentially hold these organisations together. Where mistrust existed, it impacted managerial capability to involve in risk-taking decisions relating to:

a) Effective communication
b) Employee competency
c) Reduction of sickness and absences
d) Resistance to change
e) Transparency
f) Employee motivation.

The adverse effect of the above also impacted operational results, giving rise to potential operational costs related to a possible lowering of product and service quality. The results: reduced revenues, and setbacks to organisational growth and development.

5.4.2.2 Openness

Openness could be defined as the willingness to express one's opinion and share information or experiences in a manner that fostered imagination, curiosity and open-mindedness (Lynch, 2008). Participants expressed mixed views on the level of openness in their respective organisations. There was a consensus on the need for managers to bond with their employees through the sharing of information and keeping an open mind regarding issues of mutual concern to the business as well as those affecting professional relationships. This, they reasoned, demonstrated that bosses and other managers were available, approachable and willing to discuss workplace issues. Participants expressed the view that managers needed to communicate more regularly using more face-to-face meetings (one-on-one, where practical), or bulletins regarding special projects, or updates on important developments. There was a strong consensus that this would help to show commitment and foster confidence, trust and respect.

The degree of interaction between managers and employees did impact the level of confidence employees' showed in their willingness to engage in the risk decision-making process of the organisation. If they were comfortable in approaching and discussing work-related issues with their managers, and felt their ideas or suggestions were being given serious consideration and would be dealt with on a meritorious basis, it strengthened the manager's ability and willingness to involve them in the risk decision-making process. Risk decision-making was arguably at its best when the working environment fostered the timely disclosure of information by both managers and employees at all levels. When there was an absence of this, there were speculative rumours about the business and instances of both parties failing to take ownership when something went wrong. Such practice impacted the managerial ability to take risks.

It was important to the team and organisation for managers to keep their fellow employees in the loop about business matters (successes and challenges) and to seek their input on important company decisions. To deny employees an active role in the growth of the company not only underused available skills and wasted potentially valuable insight and energy, it encouraged employees to become disengaged and unwilling to participate in risk decision-making.

The purpose of encouraging openness at the workplace was to create and expand that bond between managers and employees so that each recognised the value of the other in that pairing. Sharing a little of the managerial responsibility with team members was incredibly encouraging for them.

Managers should encourage their fellow employees to recognise and reach their full individual potential. If managers left natural abilities to stagnate, it would create boredom and frustration, waste valuable energy, and lead to productivity issues for the team. Nevertheless, employees should be willing to show support for the company's welfare and progress, which may mean making sacrifices to create positive change, as well as showing readiness to invest their time in the success of the company. It could mean working late to fix an unexpected problem or standing in for a fellow employee (who may be absent or ill). When both managers and employees were willing to consult, share information and make appropriate timely disclosures, it created a foundation on which trust, accountability and fairness could be built, making management readier to take risk.'

BOX 2: Perceptions of and messages on the impact of openness and information sharing

- The practice in my organisation is that we don't ever meet with the staff as a group. When we have an important announcement to make, e.g., the discontinuation of a product line or the occasional staff layoff, we hear it first through the media houses or the grapevine. What appears to have happened, though, is a string of rumours of all sorts of things happening necessitating a firefighting approach by HR. (Production manager - Barbados)
- When you are open with your employees, you share your innermost self with them. When your team members feel safe enough to do so, the openness they offer needs to be reciprocated, so that they know that it is the relationship that is valuable, both ways, such that trust, and win-win are the expected outcomes. (Production manager - Jamaica)
- Getting to know my employees well includes giving them an understanding of what I am about, too. When I share a little of my inner self, I am encouraging them to be more open, too. Nothing too deep, no need to overpower them with the problems you face until you feel able to, and when you know it is appropriate and it will be valuable on both sides. (Production manager - Trinidad)
- Managers addressing a performance issue in a constructive manner are healthy for the employees and the organization. A problem can only be solved if it is identified in the first place. If a person never knows there is a problem, they will never have a chance to resolve the issue. This can be devastating. This can go both ways: if an employee is not performing adequately but never knows that—and is never given a chance to improve he/she may be fired for poor performance. On the other hand, an employer might lose a quality team member because there is a problem, but the employer never knew about it. If the problem had been identified, there may have been a chance for resolution. But if a person resigns his job and you never know what was wrong you are likely to have a repeat action because you never had that chance to take corrective measures. (Managing director - Jamaica)

5.4.2.3 Fairness

Past studies have sought to distinguish between distributive, procedural and interactional fairness. Distributive fairness referred to outcomes received and was typically thought of regarding equity

(Adams, 1965). To what extent, given individual input, was the outcome received fair in comparison to what comparable others received, to what one received in the past, or to what one could reasonably expect to receive (Folger, 1987)? In addition to equity, considerations of equality (equal division of outcomes between the parties involved) and need (allocation based on need) also informed considerations of distributive fairness (Deutsch, 1975).

Procedural justice referred to the fairness of the procedures used to derive these outcomes (Thibaut & Walker, 1975). Leventhal (1980) regarded factors such as voice in the decision-making process (having real decision-making responsibility) as well as the accuracy, consistency and unbiased nature of decision-making procedures as core aspects of fairness. Intentional fairness referred to the dignity and respect with which one was treated, and the extent to which one was timely, honest and accurately informed about personally relevant issues (Bies & Moag, 1986).

Risk at the workplace was often perceived and acted upon in two basic ways. Firstly, risk in relation to feelings referred to managers' and employees' quick, instinctive and intuitive reactions to danger. Secondly, risk as analysis focused on logical reasoning and scientific deliberation in risk decision-making. How managers and employees felt about their employer's treatment, whether it related to remuneration, a performance issue, discipline, or management practices was dependent on what was perceived as fair, which was driven by what was considered equitable or beneficial to them in relation to others within the organisation.

If, for example, employees had confidence in the investigative procedures for discipline or the system set up to evaluate their performance, all decisions made would be perceived as fair. However, the results of a procedure or system in which employees had no confidence were likely to be viewed as unfair. Therefore, employees' confidence, or lack thereof, in a set of procedures or system used to make decisions that affected them, could impact managerial readiness to take or not to take risks.

Concerns about fairness at the workplace were a challenge for most businesses and could be frustrating for employees and managers alike (Konovsky, 2000; Blake & Moulton, 1978). Participants reported unfairness, referring to factors such as salary, promotion, recognition of work experience, allocation of allowances, access to training, and inconsistency in the application of discipline.

Participants across the groups expressed the view that managers needed to focus on more openness, consistency and frequent communication to reduce employees' concerns about fairness. They also commented that some managers engaged in favouritism and discriminate against those who are least liked or those with a different perspective on issues to their managers.

Box 3: Evidence and perceptions of impact of the practice of fairness & unfairness

We erode our workplace sense of fairness by giving recognition unequally, especially when managing multiple units of business in different locations. We found this particularly challenging when Neal & Massy acquired Barbados Shipping & Trading group. Senior managers were faced with how to adapt their annual employee awards event in order to promote fairness across the Neal & Massy group. Managers doubled up, dividing the event into five presentations, one at each major location, held in successive weeks. The events were coordinated so that when one location held its event, a simultaneous celebration was held in the other. (Director of operations - Jamaica)

In my organisation, employee concerns overpay systems, managerial favouritism and equal recognition were common challenges. We, however, seem to be turning the corner after a new approach introduced by our new chief executive officer two years ago. Basically, he established 'an employee advocate programme' complemented by an open-door policy for all managers, and several upward feedback mechanisms, which allow team members the opportunity to voice concerns or constructive criticisms to an employee outside of his/her regular communication channel. These questions are directed to the company's senior managers and are shared only with them the CEO and two senior vice presidents. Then 'employee advocates' schedule regular visits at each of the company's locations, ensuring team members have reliable opportunities to air a grievance. There were hundreds of complaints during the first six months; all were dealt with expeditiously to the satisfaction of all. Morale was noticeably improved, confidence was restored, and perceived unfairness significantly reduced. (HR manager - Jamaica)

I foremost think about the culture of the organisation. Is it one that is blame-centred or one that allows the risk without undue penalties if there is a failure, and provides incentives if there is success? One has to feel comfortable and also make the team members feel comfortable, so the culture of the organisation is perhaps my first consideration. Having said that, I think of how much risk I am allowed to take and at what cost. For example, what's the maximum dollar-value investment I can make without the board's approval? (Operational manager - Trinidad)

If things go wrong, although you can be held accountable for certain things, the culture should not prevent people from taking reasonable risk. But, in small societies where not many employment opportunities are available, and there is zero tolerance for mistakes, I will first consider the security of my job before making a decision that has the potential of putting my job at risk, even though it might be the best decision at the time. (Chief financial officer - Barbados)

If employees perceived they were mistreated (i.e., blamed unfairly or victimised, not consulted in information sharing), they were likely to withdraw from risk-taking activities.

Leventhal (1980) has helped researchers to understand that assessments of fairness involved more than 'distributive justice'. They also considered 'procedural justice', e.g., the fairness of the processes used to arrive at pay outcomes, such as job evaluation and performance assessments. This meant that employees' feedback regarding their perceptions of workplace issues impacting their performance should have equal attention, requiring the more effective practice of a fundamental principle: employee motivation. First-line managers and supervisors were considered by many scholars to be the critical link between an organisation's reward principles and intentions and the efficient delivery of same, creating a genuinely rewarding environment that was conducive to high employee performance. Creating a climate in which employees had confidence in the fairness of both the distributive and procedural justice would impact managerial readiness to take risks.

Workplace fairness could be achieved through equitable compensation structures, well-communicated procedural fairness in disciplinary enquiries, and fair treatment of all employees in matters relating to performance (or behaviour) issues and health and safety. When there was perceived equity in any of these and other relevant areas, a favourable climate then existed for risk-taking. However, perceptions of unfair treatment regarding these and other issues had the opposite effect, thus adversely impacting managerial readiness to handle risks compounded by:

a. Unfair procedures in dealing with disciplinary enquiries
b. Perceived inequitable pay structures—accusations of excess by those at the top, or exploitation of those at the bottom
c. Inequitable employment policies unmeritorious promotion based on discriminatory practices
d. Excess stress, causing health and safety issues arising from perceived unfair treatment.

5.4.3.0 Reputational risks

Reputation has been termed a perceptual identity formed from the collective perceptions of others, which was reflective of the complex combination of relevant personal characteristics and accomplishments, demonstrated behaviour, and intended images presented over some period (Zinko et al., in press, p. 4). This definition, like others (e.g., Elmer, 1984; Ferris et al., 2003; Gotsi & Wilson, 2001), suggested that not only was reputation a collective belief by others, but that it could also be influenced by the individual attempting to build or maintain that reputation. It also identified personal/corporate reputations as a social construct that could be used by others to help predict behaviour. Personal reputational risk could be categorised as a threat to one's professional career, fear of being denied a promotion, or the loss of financial and non-financial incentives.

Corporate reputational risk, on the other hand, could be listed as a loss resulting from damages to a firm's reputation—lost revenue, increased operational expenses, capital or regulatory costs, or reduction in shareholder value—following an unfavourable or potentially illegal activity in which the company was found culpable.

5.4.3.1 Personal reputation

Personal reputation in organisations was the extent to which, for example, managers were perceived by others (senior management or subordinates and other stakeholders) over time as carrying out their job functions in the workplace (Zinko, Humphrey, Meyer & Aime, 2012). Participants expressed the view that a strong personal reputation meant people would approach them first, above potential other choices. Such strong reputation built all-round confidence in one's apparent ability, which in turn influenced senior management to entrust to them more risk-taking.

They also reasoned that to build the right reputation, one needed to make the right decisions based on a moral compass and proper grounding. They further opined that this was done through character-based values and expressed fears about doing anything that was likely to tarnish their professional career. Many participants commented that they would always act in a manner to protect their value base, even if those actions led to job loss.

However, employees becoming overly concerned about preserving their career reputation could serve as a hindrance to decisions in risky situations, particularly when such employees were low in confidence regarding aspects of their ability to act successfully. This could lead to difficulties, particularly when such value bases were not aligned with a business' activities (e.g., the value base may be grounded in religious or political ideological beliefs) or employees feared being blamed unfairly.

> I have been faced with a situation in which I was asked to make a difficult decision. There were some ethical and moral issues which I was not prepared to compromise, and even though I knew not doing it would put my job at risk, I nonetheless refused because I had to live with my conscience. The boss was not happy, and from there on, even though I was not fired, the relationship had changed for the worse, and I eventually had to leave,

> but I was happy with myself. (Production manager - Jamaica)

> When you love what you do, it makes people want to know you and be around you. When you say you love your work, people take notice. When it is a privilege for you to do your job, you have got something that people may want to be part of. There may be many other people who do the same type of job as you, but how many are determined to make a difference in this world through their jobs? If you love to do your job rather than have to do your job, the chances are you already have an excellent reputation as someone who is good at what they do. That means you will deliver great service and excellent results. (Operations manager - Trinidad)

The interpretation of social behaviour as self-presentation (Goffman, 1959) assumed one of the biggest problems individuals faced in their social lives was explaining themselves to their audience. Because others did not have direct knowledge of a person's psychological attributes (i.e., intentions, feelings and motives), these qualities had to be inferred from observed behaviour (Elmer, 1984). Ferris and Judge (1991) argued that reputation was an intentional effort at signalling. Elmer suggested that a reputation existed within communities of acquaintances, and that gossip was the mode by which reputation travels (Elmer, 1984). If stakeholders were unable to properly interpret the signals the organisation had sent, they could become disinterested in doing business with the organisation, and this could adversely impact the risks the organisation would have taken or planned to take.

> Some of the most difficult decisions I have been faced with relate to the management of human resources, relative to hiring and firing. Here in Trinidad, the employees are smart, they study the labour laws and work around every loophole to prevent being fired or disciplined, and so you do not want to make a decision to fire someone, even though they are deserving of it, only to go to the industrial disputes court and lose the case. It is hard in the sense that you know it is best to separate the employee from the company, but you must be within the law, and the law is not always fair [to you]. So you have to be thinking of the company's image and reputation when the results of the case hit the media. You run the risk also of having a strike on your hand. (General manager - Trinidad)

5.4.3.2 Corporate reputation

'Reputations are overall assessments of organisations by their stakeholders. They are aggregate perceptions by the interested parties of an organisation's ability to fulfil their expectations, whether these concerned parties are willing to buy the company's products, working for the company, or investing in the company's shares.' (Lange & Lee, 2010). Eccles, Newquist, Scott, and Schartz (2007) advised that there were three elements of reputational risk:

Perception versus reality (reality gap)

Reputation was to be separated from the actual character or behaviour of the organisation, which could be better or worse. If the reputation of an organisation was more positive than its core reality, the gap posed a substantial risk. Ultimately, the failure of the organisation to satisfy its billing would be exposed, and its reputation could decline until it more closely aligned with its reality.

Changing beliefs and expectations

If expectations shifted and the organisation's character stayed the same, the reputation–reality gap widened, and risks increased.

Weak internal coordination of decisions

These might be made by different divisions/departments or business units. If, for example, the marketing division/department created expectations that the production department failed to meet, the organisation's reputation could suffer.

Some participants commented that reputational risk had in the past adversely affected their company's ability to maintain or establish new business relationships, especially after a protracted labour dispute revealed to the public some questionable labour practices. Prior to this incident, the participant's account was that the company was perceived by the public as a preferred employer. After eighteen months, that perception changed. There was also the case of another company, which had an industrial accident that destroyed its operating facilities. This company operated in a very competitive environment. In both these cases, it was reported that the companies' reputation suffered as a result of failing to meet their stakeholders' expectations over time. In the case of the company having its facilities destroyed, many of their customers went to the competitors and never returned after the facilities were restored, resulting in huge financial losses.

> There was a communication issue between the marketing division and manufacturing division of my company that went on for too long. The issues are the marketing division, in their effort to meet their sales target, would write up contracts having delivery times that the manufacturing division just did not have the resource capacity

to deliver. The frustrating thing is there was no consultation between the marketing people as to what was possible, yet they commit the company to a contract that was impossible to satisfy within the specified time. Lots of valuable [hours] were spent renegotiating, resulting in customers accusing the company of either negotiating in bad faith or breach of contract. The good thing for this business was that we produce high-quality products, but over time our reputation [for] on-time delivery suffered. (Operations manager - Trinidad)

I believe operational leadership is critical to the success of any risky decision. I once had to reject a contract because I did not believe I had the necessary leadership or competencies to manage it, and I did not want to put my company's reputation and my credibility at risk. The job was very technical and complex, and our technical teams were already stretched. The contract, valued US$12.5 million, was given to one of my competitors, who had a similar structure and experience like ours. Six months into the contract, I was again asked to take on the contract because of the level of discontent being encountered by the company [at] the new contractor [our competitor]. Of course, I did not change my decision, because I consider our reputation as a company to be more important in this case than the revenues to be earned, as once you lose it, it is hard to rebuild. (Managing director - Jamaica)

I made a decision recently which initially did not go down well with my boss but turned out to be good for the company. There was a batch of goods that had a flaw in their appearance due to a technical issue with the machine mould but was otherwise made to specification. There were two options, first to abandon and recycle or to release them to the distributors after detailed explanation. I decided to develop an educational programme and a marketing strategy for distributors and offered the goods at 40% below regular market price. The products were sold out in record time. I subsequently ran a survey with the aim to determine the reasons for such a sales performance. The outcomes of the study showed that not only was the product good value for money (despite the flaw in its appearance), they [our distributors] valued the company's honesty and openness in the matter. Not only did this decision save the company money, it got them some valuable goodwill and enhanced their reputation. (Sales & marketing manager – Barbados)

Organisational theorists have suggested that reputation was one of the few resources that could give firms a sustainable competitive advantage (Barney, 1991). It was viewed as a non-tradable, non-substitutable, inimitable, intangible resource that could be managed (Barney, 1991; Grant, 1991; Hall, 1992).

In the field of human resource management, while it has been established that reputation was a large part of a company's appeal in attracting new talent (Ferris et al., in press), there had been little consideration of the reputation of the individual. Instead, existing work focused on the idea that reputation was part of 'human capital inputs', along with job-related knowledge, skills, abilities, education, training, credentials, expertise, and relationships with partners and clients (Becker, 1975).

> The public relations (PR) department of my firm has done an excellent job in building the company's image based on its products, customer services and treatment of employees. As a result of this strong public relations campaign, the company is perceived as a preferred employer by the majority of young graduates seeking employment. The interesting thing is many of the long-serving employees of the company, of which I am one, do not share the perception of these young graduates because internally there is a need to change how we do things. Three months ago, I had a discussion with two new hires, who commented that their experiences so far are below their expectations. Their main contention was that while the external PR is great in signalling to the public the wonderful things the company was doing, internally, employee morale is low. (Chief operating officer - Barbados)

Image, like reputation, was socially constructed (Chen & Meindl, 1991). Roberts (2005), meanwhile, suggested that image was based on our assessment of ourselves, rather than on an audience's perception of us, which implied that individuals' reputations may be entirely different from their images. Furthermore, people who were low in social astuteness could perceive their image as being the same as their reputation, with an inability to understand others' perception of them, rendering them potentially erroneous in their self-assessment (Dunning, Heath & Suls, 2004).

As reported in the literature and commentaries of the world financial crisis in 2008, reports out of the United States of America showed that home mortgages were allowed to borrowers who could only afford the low initial interest rate ('teaser rate') and not the final rate they would pay. The initial rate was to encourage potential homeowners to enter into a mortgage contract for which they could not otherwise qualify. This practice was perceived by the public as deceptive. It had contributed to the housing crisis and hurt the reputation of those financial institutions involved (Havemann, 2008).

As gleaned from the participants' comments and the referenced literature, organisations could suffer reputational damage as a result of a number of factors, varying from organisation-sponsored actions to those arising from the functions and behaviour of inept and greedy employees. The potential risk resulting from these were financial, operational and human resource losses. Reputational risk reflected the perceptions of business stakeholders, the public and market participants. It was any risk with the potential to do damage to shareholder value or employees' career prospects. Reputational risk led to:

a. Revenue losses
b. Customer reductions
c. Share price declines (for publicly listed companies)
d. Negative publicity
e. Challenges in recruiting competent employees
f. The exit of talented employees.

5.4.4.0 System of reward

The reward system has represented a powerful method of influencing an organisation's performance. Management of organisations have been concerned about controlling the behaviour and attitudes of their members, and the reward system was a key method in achieving control. Wilson (1995) defined reward systems as a process within an organisation that encourages and compensates employees for taking a set of actions. It may be formal, cash or non-cash, immediate or delayed'.

Participants expressed strong feelings about the reward systems in their organisations. They commented that though it was supposed to play a major role in staff motivation, it was instead doing the opposite in many instances.

> Many of us see the need to introduce incentive and recognition programmes as a way of encouraging our staff to be more participative and productive, and to allow the

> organisation greater capacity to create more revenues and profits. However, we are not authorised to do so because board members seem not to be prepared to commit the necessary funds to schemes such as productivity or gain-sharing plans, profit- sharing bonuses and possible stock options. Some board members and other senior managers in companies remarked that such incentives are paying people twice for doing the same job. (General manager - Jamaica)

Reward systems defined the relationship between the organisation and the individual member by stipulating the terms of exchange. They specified the contributions expected from members; expressed the values and norms to which those in the organisation had to conform; and outlined the response individuals could expect to receive because of their performance.

A reward system defined who got rewarded and why and was a management statement of the organisation's values and beliefs (Kerr & Slocum, Jr, 1987). The purpose of or reward system, therefore, was to:

a. Recognise individual and team efforts
b. Recognise positive behaviours
c. Create a better working environment
d. Have a system that was equitable in recognising people.

The comments in Box 4 are samples of the many views expressed by participants throughout the groups. They seemed to point to significant concerns about the limitation and/or absence of an effective reward structure in Caribbean organisations. A reward system impacted a company's capability to develop and maintain financial and human resource strategies to retain a cadre of competent and committed technical and professional employees. A reward system further impacted the various elements of the system and the empowerment of management to approach risk-taking activities with a certain degree of confidence to compete well. A reward system that was not structured correctly, however, could engender perverse motivations that created unintended effects, e.g., the reckless behaviour of managers to earn more through corrupt means, or to set targets that encouraged staff to sacrifice profit margins or take corrupt chances (Gneezy, Meier & Rey-Biel, 2011).

Box 4: Perceptions of and mixed messages on reward structures

A reward system exists in my organisation but needs to be seriously reviewed as people have lost their enthusiasm and interest. When this happens, it means it lost its effect. (Operations manager - Jamaica)
In my company, the only rewards I am aware of are salary and an outdated productivity incentive plan that has become almost meaningless because of the occasional minimal or no quarterly pay-out. We need to show more appreciation to our employees for the efforts they are putting in, especially in these lean financial times. (HR manager - Barbados)

I would do anything to establish a performance incentive for my staff, as there are times when they have put out some extraordinary performances from which the company benefits, but my superiors are against any such thing. (Production manager - Trinidad)

I work for a group of companies with an aging population among the workforce. There is a reasonable reward system in place, but I find that the benefits are not as diversified to reflect the changing needs of the different age groups (e.g., the 45-60 age group and the 18-25). As a result, some people are dissatisfied. To compound the issue, we need to have some equity in the distribution of the limited benefits offered. (Director of finance - Barbados)

Monetary rewards serve their purpose for a while. It does not mean if a company has a robust reward system, all employees will be at all times motivated; neither does it mean that if you do not have one, employees are going to be demotivated. There are employees in my company who are driven by the satisfaction they get from their job and the respect accorded to them. (Chief operating officer Barbados)

5.4.4.1 Recognition

Recognition was one of the most talked about issues among participants and provided some indication of the levels of motivation in their companies. Participants expressed concerns over the limited extent of recognition programmes in their organisations and reported to have seen higher sanctions than there should be for poor performance.

There were several ways an organisation could, through its executives, demonstrate recognition for the contributions, commitment and achievements of its employees. These programmes have been broken down into two broad categories—namely, cash incentives and non-cash incentives.

5.4.4.2 Cash incentives

Variable pay consisted of cash incentives given as lump-sum payments—i.e., they were not consolidated into basic pay but were linked to individual, collective or organisational performance (or some combination of these factors). Examples of variable cash payments were cash bonuses, profit shares and stock options. A near majority of respondents (48%) commented on the need for more attention to be focused on variable compensation, as well as the more equitable dispensation of incentives, to encourage greater levels of employee participation and the generation of more wealth.

Most research on employee motivation suggested that effective methods often varied from individual to individual: some were very money orientated, others were motivated by recognition, while for others still it was just the satisfaction in the challenge of the job. The lesson here for decision-makers was to determine what best motivated each employee and to ensure that, whatever it was, the incentive was in place for as long as its effect lasted.

The cash incentive was a particularly critical issue for employees, employers and shareholders. Attention has often been focused on the role of a money incentive in attracting and retaining employees. It was sometimes difficult to identify and manage risks arising from cash incentives and, as such, companies could require strong risk management procedures to ensure that incentives were aligned with the strategic objectives and risk appetite of the enterprise.

Increased attention was being drawn to this area of risk by tax revenue authorities in Barbados, Jamaica and Trinidad as well as by some shareholders of companies. Companies needed to develop strategies to address regulatory requirements relating to their cash incentive plans to reduce risks to both employees and employers in the short and long term. In particular, companies needed to develop methods and approaches to allow them to:

a. Better align cash incentive programmes with the risk profile and appetite
b. Maintain a proper level of incentives to attract and retain necessary talent
c. Meet increasing demands for disclosure, analysis and documentation from revenue authorities
d. Design internal controls to ensure low risk.

It was possible for individual financial pressures or a negative relationship between a manager and staff to lead to an employee with access to cash incentives committing theft or misappropriation. This could lead to known or anticipated future employee layoffs; changes to employee compensation; or promotions, compensation or other rewards becoming inconsistent with expectations. The comments in Box 5 below further illustrate current attitudes toward cash incentives:

Box 5: **Mixed messages on impacts of cash incentives**

- My company is not keen on certain types of cash incentives because there are too many risks involved in managing it. However, it is considered to be a nice way to reward people meaningfully for their effort beyond the call of duty. In our case, cash incentive is restricted to only the sales staff, and it is part of their remuneration, which makes it easier to manage. We managed it in a manner that allows us only to pay incentives on goods sold and paid for, not on sales, thus eliminating any possibility of having vast sums of uncollectible funds over time. (General manager - Trinidad)
- I support cash incentives that are unpredictable but meaningful. It should not be done every day or week. It should be done randomly for it to excite employees and keep them hopeful that they'll have a chance of being rewarded for their efforts. In my company, we use cash incentives in this manner as a form of recognition. Since its introduction nine years ago, employees enjoy coming to work, and we have had less absenteeism and improved productivity. (Sales & marketing manager Jamaica)
- Just because employees say they want extra money, this does not mean it will always be a motivational option. Cash is a maintenance factor, not a motivator. It is something that you need, but it is the kind of thing that stops you leaving your job, rather than making you more motivated. Cash will always be high up, but whether it helps employers to achieve their objectives, I am not sure. One problem with cash is that it often goes into employees' pay packets at the end of the week/month, and therefore may not be associated with what they have achieved. My company has a different form of reward, which is holiday-based, voucher-based or food-based; there is that tangible element, that sense of occasion, where the head of a department is physically handing something to the individual as opposed to it being lost in the pay packet. (General manager - Barbados)
- The amount employees are offered must be sufficient. My company tries to focus on cash incentive schemes but in a way to keep the cost to a minimum while at the same time ensuring that employees see the value in going the extra mile. The reward needs to be meaningful so that they feel it makes a difference to their overall income. Cash or non-cash incentives, it is often not the value of the reward but the recognition that matters most. If you are going to motivate people, it is not the value of the reward, it is more the recognition, the prestige and the brag factor the fact that you can go to the sports bars, cricket match, and tell your colleagues/friends that you just got an iPod or a weekend for two at a prestigious hotel for whatever you did. (Sales & marketing manager - Jamaica)

5.4.4.3 ***Non-cash incentives***

Non-cash incentives were a means of incentivising higher levels of performance among employees by awarding prizes or 'gifts', such as merchandise, travel or retail vouchers, associated with some performance measure, such as the volume of sales or awards. The literature in this domain provided several studies detailing the types of recognition programmes available, many of which are summarised below (see Stolovich, 2010).

Examples of non-cash incentives have been:

Long-service awards

This was one way to compel the employee to stay by offering tangible incentives and the privilege to be acknowledged. Service awards aimed to show sincere appreciation for the loyalty, dedication and commitment of long-serving employees.

Day-to-day recognition

This was an opportunity to reach each member of the work team through simple expressions of appreciation, praise and encouragement. These were for small achievements that happened routinely but sent a message that the manager saw and appreciated the little achievements that could eventually lead to big ones.

Achievement awards

These awards could be semi-annual or annual, showcasing the best of the best—employees who performed consistently well, exceeding expectations. Achievement awards could also be used to communicate the values and goals of the company.

Special celebrations

These included a company-wide event based on collective achievement, e.g., having record sales or the organisation's winning a national/regional or international service award. Special celebrations sent the message that success was achieved through the contributions, dedication and commitment of all.

Box 6: Perceptions and evidence of the impacts of incentives and recognition

- The recognition factor from a corporate perspective is almost non-existent in my organisation and many more organisations that I know in this country. And, yes, managers do find it frustrating not being able to recognise employees in a tangible way when they have gone the extra mile to make us and the company look good or have exceeded their targets by giving more than their best. Despite these challenges, we tried to make employees feel that they are a part of the company—that the company is their extended family. We give employees a trophy for having achieved or surpassed their targets, or an extra day off. We also recognised their special dates, such as birthdays, anniversary date of joining the company, wedding and children's birthdays. (General manager)
- Non-cash awards have proven to be more effective in my organisation, and therefore more efficient than traditional forms of compensation. We find that non-cash influence over people appears more powerful and as such more profitable to the business than cash alternatives. (Sales & marketing manager)
- I was given a project to do nine months ago. I made sure I picked the best available team in terms of skills and work ethics. The team was asked to return a gross profit margin of no less than 70%. Based on the nature of the project, this was not impossible, but it required exceptional levels of efficiency and precision on the part of team members, who were not particularly well paid and who requested some form of incentive as encouragement. This was denied, on the basis that they were being paid already to do the job. The project came in at 50% GP. I am of the strong view that, were incentives provided, the target would have been met, perhaps even surpassed. Some team members said, 'If the company wants something extra from their efforts but were not prepared to share it with them, why should they put out that extra effort?' (Project manager - Jamaica)

Flexible work arrangements

These were alternative arrangements or schedules to the standard working day and week (e.g., employees reported for work from 10 am - 6 pm instead of from 8 am-4 pm). The aim was to allow employees to select an alternative work schedule to meet personal or extraordinary family needs.

A celebration of the individual, the team, the big days and the small days, and a well-rounded plan year after year could leave everyone feeling inspired, creating a climate that was conducive to managers taking risks.

> I believe consistent, timely and meaningful rewards and recognition does not need to be costly or time-consuming, yet they do not seem to be on the priority listing of many companies in the manufacturing sector. The absence of an employee recognition programme is one of the leading factors contributing to employee dissatisfaction and motivation in my division, and it is very little I can do. Imagine, I have some employees doing more than 25 years' service, and the recognition accorded them is a handshake from the CEO. Recently, one of my supervisors organised his men to work on a project (using lots of their own time) and complete it in record time, saving the company hundreds of thousands of dollars, and the most I am allowed to do was to send them a letter of commendation. I do not believe this treatment is encouraging to anyone, and this treatment has caused dissatisfaction among staff, especially the hard-working, dedicated and committed staff. (Production manager Trinidad)

Recognition gave the employee the feeling that he was being recognised and rewarded for his/her input. More importantly, the sense of being part of the organisation fostered greater commitment and a desire to succeed. It followed, that the employee would be motivated to contribute more and to take more risks, knowing that he would share in the success and be recognised for his/her efforts. Without proper recognition, employees could feel neglected and disadvantaged, and begin to question their self-worth, leading to minimal effort and reluctance to take risks.

According to the various views of academic researchers, a risk approach to employee rewards could be a tremendous asset to a company. By understanding and managing risks related to employee rewards, a company could achieve a competitive advantage by taking calculated risks to pursue potential gains while protecting the company's existing assets. Using a properly designed reward system could assist the business to identify, prioritise and manage risks. A well-designed system could guide more effective decisions on where the company should place its employee-rewards investment.

There were several reward-related risks that could vary with the size and complexity of organisations. Each organisation would therefore have a separate risk profile requiring different risk strategies. According to Chapman (2010), the most commonly known risks related to rewards have been as follows:

Strategic risk was the risk arising from the misalignment of reward strategy to the company's objectives. Such risk can lead to the failure to attract and retain the employees needed for success.

Behavioural risk arose from not being able to align a rewards plan with the basic behaviours of employees, leading to rewarding inappropriate or unproductive company activity and behaviour.

Financial risk was the risk arising from ineffective remuneration cost management. This risk could result in less value for money and, where applicable, lower returns or even loss.

Operational risk was the risk stemming from the poor implementation or failure of compensation-and-reward policies. This failure could lead to inefficiency or deceptive behaviour.

Change-management risk was the poor communication of the implementation strategy or a switch in the plan. This risk could mean that the reward strategy did not have the required impact because it was managed ineffectively.

Legal and ethical risk arose from non-conformity with legal and regulatory reward requirements and company values. This risk could lead to litigation, which could have an effect on the financial circumstances and reputation of the organisation.

Governance risk was the risk arising from inadequate oversight and challenges to organisational compensation strategy. This risk could lead to inappropriate reward policies.

5.4.5.0 Managers' concerns

Concerns in this context referred to any factor or issue that was likely to stand in the way of a manager's achieving his/her objectives, including motivating his/her employees to do their job. There was not much known literature on this topic other than what has been written on issues of motivation and about what managers could do to motivate staff.

It was management's responsibility to meet or exceed company goals amid the many concerns and challenges related to both human and financial resources and regulatory policies. There was a consensus among respondents that managers' concerns varied depending on the type of organisation, their competencies, products, and markets. The account given by participants of their concerns were categorised broadly into four areas: conflict management, motivating the workforce, building an inclusive and harmonious team, and shortage of management skills.

5.4.5.1 Conflict management

The causes of conflict were grounded in ideological differences and opposing goals, as well as inequities. Poorly managed conflicts engendered a collapse in trust and a decline in efficiency. For many small- and medium-sized businesses, success often hinged on group cohesion; the loss of confidence and decreases in productivity could signal trouble for the company. With a basic understanding of conflict-management strategies, managers could signal their readiness to deal with conflicts and minimise the risks that could otherwise occur.

5.4.5.2 Motivating the workforce

Employees seeking to balance enough earnings with little family time were finding it burdensome. They were looking for time flexibility when there was no support for the children during school breaks or when the babysitter did not show up. This was not only limited to employees with young children; many had ageing parents who needed to be attended to when paid caregivers were unavailable. Workers have been demanding more time to care for their families, while employers have been demanding greater flexibility to compete in the global market. An important issue was the traditional work arrangement—in which the employee worked full-time, and the employer provided benefits such as training, a pension upon retirement and non-contributory health insurance—often giving way to something fundamentally different for a new generation of workers (say, the millennials). Many younger workers appeared willing to be selective in satisfying their needs from the list of benefits and programmes older workers have taken for granted (*Exploring the Leadership Preference of Malaysian Generation Y Employees, 2016).*

5.4.5.3 Building an inclusive and harmonious team

There were many factors impacting the creation of harmonious work teams. Firstly, one needed to be mindful of value differences among employees and show respect for those differences. The fact that a manager could have a particular point of view should not preclude being open to new approaches and encouraging members of the team to do likewise. Secondly, not many managers were aware of their behaviour and how such behaviour might impact others. To be so aware, managers needed to adopt a proactive behaviour by soliciting team members' feedback to better understand their points of view. It was also important for managers to get to know each team member on an individual level and adopt a management style to meet their team's needs. Thirdly, managers should be mindful of the difficulties that some employees might have in expressing themselves, so that the communication style could be varied for effectiveness. Finally, managers should assess performance, select training participants, and assign roles based on team members' proven abilities.

5.4.5.4 Shortage of management skills

There was a significant shortage of management skills, meaning that those core competencies (e.g, leadership, communication, interpersonal motivation, and decision-making) required by organisations were often not developed to the point where they were fully effective. Skills shortage represented a challenge to an array of Caribbean organisations, and cut across many occupational groups in the technical, professional and managerial fields. The shortage resulted from many factors, such as a lack of reform in the education system, a high level of migration, and insufficient attention to determining company training needs and developing a focused training programme to meet these requirements over time. However, the focus of this subset was the shortage of management skills, particularly at the middle and junior levels of management.

The lack of skills impacted the salary/wage cost and was a potential threat to the competitiveness of organisations. For example, organisations short on these skills faced the risk of having to pay more for new recruits. A shortage of management skills meant delays in fulfilling work orders, providing new services or developing new products, especially in the manufacturing and construction sectors. A lack of management skills potentially impacted managerial capability to face operational, financial and even reputational risks.

The accounts of senior managers participating in the focus groups (53%) revealed weaknesses in leadership and management skill levels, especially at the middle and junior levels. The absence of a cadre of internal staff capable of moving to the next level was identified as the biggest barrier to getting a steady supply of managers from within an organisation.

> I from time to time have to recruit people to do various jobs. I usually do not have a problem finding individuals with the required technical skills, but getting persons having a balance of technical and basic management skills is tough, especially in the manufacturing and oil sectors. I find that the absence of this balance helps to create mistrust and [a] general lack of respect between the manager and his team members. This sometimes caused me to be constantly putting out fires to get things done. (General manager - Jamaica)

It was also revealed that there was a lack of succession planning within many of the organisations. Perhaps what was more revealing was the absence of sufficient effort to develop leadership capability at the different levels to enable companies to promote from within, rather than relying on external recruitment, which carries far greater risk.

I have worked in a number of organisations in three Caribbean islands, and the problems I observed are that each company operated a lean structure, so much that even though they have been able to recruit some of the best available workers they were unable to retain them for more than two years because there is no upward mobility. Such a situation does place pressure on companies to internally prepare their first-line managers. (Operation manager - Barbados) The concerns expressed above impact the company's capacity to fully empower employees and harness their abilities to operate optimally. This outcome further impacted managerial readiness to take risks when required.

Some respondents expressed concerns over the shortage of managers with softer skills (interpersonal management skills), highlighting their inability to get their team members to execute tasks willingly and promptly, and to effect necessary changes. Some participants pointed to issues such as the promotion of employees through the ranks with little or no aptitude assessment and training, as well as said employees' inability to command respect from their peers, and a general lack of succession planning between the main management positions:

In my organisation it is very common to see people promoted into junior management positions without any formal training in management mainly because they were good technically. They were given no training in basic management principles and practices before assuming the job. Besides lacking in training, they had real challenges making the transition, particularly as it relates to their relationships with their former colleagues. (Human resources manager - Barbados)

5.4.5.5 Staff commitment

Hall et al. (1970) defined commitment as a process through which the goals of the organisation were amalgamated with those of the employees, which both parties were resolved to achieve together. Allen and Mayer (1990) regarded commitment as the mental state that bound the employee to the organisation, pointing out that commitment was the mindset of the employer-employee relationship and the implication for the decision to continue membership in the organisation (Mayer, 1997).

Based on this definition, commitment was not the same as motivation or general attitudes, and it could lead employees to behave in a manner that might seem in contrast to their self-interest. While employee commitment in the organisation was necessary, so, too, was the organisation's commitment to those elements considered necessary to secure employee commitment. Commitment, from the perspectives of organisations, was the potency that bound the employee to a relevant course of action to two or more targets (Meyer et al., 2002). Mayer et al. argued that employer commitment was reflected in the attitudes and behaviours of employer representatives (managers), so the employer was as often as good as its representatives. In their pursuit of particular goals or information, employees did not always act in accordance with company policies. As a result, the employer could be impacted positively or negatively.

Employee commitment was significant: high levels of commitment led to several positive organisational outcomes. It mirrored the extent to which individuals identified with the company and were devoted to its aspirations. According to accounts given in the focus groups, employee commitment was a significant challenge and could be used to predict the outcome of employee's behaviour through, for example, adverse performance issues and poor attendance records. Staff commitment was therefore a function of a company's overall management practices, as discussed earlier. It needed credible, continuing and positive actions that gave employees support and trust in the areas that mattered. The information shared by participants suggested that much needed to be done to foster greater levels of employee commitment in organisations:

I worked in the hospitality industry, and the engagement of that industry is to create a commitment-based human resource system to shape desired employee behaviours and attitudes by forging links between organisational and employee goals. In other words, the focus is on getting committed employees who can be trusted to use their preference to carry out job tasks in ways that are consistent with organisational goals. While we have a long way to go, since the introduction of this strategy some four years ago, we noticed a marked difference in behaviour patterns and the kudos from guests, particularly repeat ones, have increased [twofold]. (HR manager - Jamaica)

In my group of companies, the barriers or difficulties in eliciting employee commitment stem from several sources. The most common one is that of the group's focus on achieving short-term performance goals at the expense of long-term employee development, and low investment in building shared vision. This barrier is manifested more specifically in the type of job description and performance assessment criteria of middle managers, which are both highly measurable and short- term oriented. The leadership role that the middle manager needs to play in aligning individual goals with the organisational goals is often neglected. (Operations manager Trinidad)

According to most research studies in the area of motivation, commitment was a factor that could help protect an organisation against high turnover cost. The success of an organisation was perhaps even more reliant on having a committed workforce whose contributions coalesced into productive group actions.

Employee contribution had become an even more important factor because it had become harder to change staff based on their knowledge and skills. Unearthing and retaining good employees in the current environment was vital, though there were challenges (Agyemang & Ofei, 2013). If Caribbean work organisations were to achieve success on a sustainable basis, the following measures were considered necessary to build and manage the workforce:

a. Attracting competent employees
b. Developing existing employees to take on increased responsibilities over time
c. Building a bond of trust and commitment to current and new employees.

It was essential for organisations to have a cadre of talented employees with leadership potential, and a key element of this was to make the organisation attractive. The organisation's reputation, to those outside the organisation as well as inside it, had a substantial impact on its ability to continually attract talented employees. Employer-employee commitment impacted managerial risk decision-making related to acquiring and retaining talented employees.

5.4.6.0 Workplace pressures

The demands of the contemporary work environment made pressure at the workplace unavoidable and were often perceived as either having a positive or adverse effect on individuals. Pressures viewed as positive by managers could become alert and motivated to learn, subject to available resources and personal characteristics. However, when that pressure was seen as negative (excessive or otherwise unmanageable), it led to stress. Stress could impact managers' health and the business' performance.

Sormaz and Tulgan (2003) opined that workplace stress was often caused by:

a. Poor work organisation (the way jobs and work systems were designed, as well as the way the systems were managed)
b. Lack of control over work processes
c. Poor management practices
d. Poor working conditions

e. Lack of cooperation from colleagues and senior management.

According to the research findings, the most stressful type of work was that which values excessive pressures and demands that are not matched to managers’ competencies, in situations that offered little opportunity to exercise any choice or control, and little or no cooperation from others.

Managers and employees were less likely to experience work-related stress when: demands and pressures of work were matched to their core competencies; control could be exerted over the services available to them and the way they employed them; support was received from colleagues and senior management; and they were allowed to participate in the making of decisions that concerned their jobs.

Excessive workplace pressure might lead to a feeling of being overwhelmed, but there could be workplace pressure without being overwhelmed; in fact, some degree of pressure was a good thing (Sormaz & Tulgan, 2003). This pressure could be triggered by the need to satisfy the quality or amount of work expected by colleagues in the department or company, especially when linked to meeting specific deadlines. When pressures increased at the workplace, the focal point of attention should be to get people to think more creatively. Participants across the focus groups admitted that it was challenging for them to deal not only with their pressure but also with the pressure of the people they managed and with whom they interacted. They reasoned that their tasks would be made easier if there were adequate systems and procedures in place, e.g., to handle the more routine and mundane (but important) ‘people’ issues. If employees were overwhelmed to the point where their efficiencies were affected, then it was likely that they would make incorrect decisions.

> There are some middle managers in my company that are being squeezed from above and below, and when they feel pressurised, they often put additional pressure on their colleagues and subordinates, creating a kind of domino stress effect. The way that other people react to the causes of stress often appears to be the problem, rather than stress itself. Unforeseen things happen to us, extra demands are made, and time runs out, deadlines get passed. However, when the pressure becomes unmanageable, that is where I see trouble begins. I need pressure; so, too, [do] other managers. But too much (which we do get a lot of) does make us unproductive and inefficient, especially when you are racing against the clock. (General manager - Jamaica)

Participants commented that employees were sometimes forced to perform outside of their comfort zones to meet deadlines, as well as for the business to avoid employing more people in peak seasons. Such pressure if understood from a positive perspective, they pointed out could encourage employees to do better by seeking to work on their skills and give a better performance. Participants further commented that much pressure was being put on them by the board to reduce expenses, often to the detriment of the medium- to long-term interests of the company.

> On one hand, my company seeks growth. On the other, I am asked to reduce costs significantly. The pressure, therefore, is to find a way to do both simultaneously. Creating a cost-reduction strategy that maximises efficiency without compromising growth potential is my biggest challenge, especially in difficult economic environments. I have to be constantly resisting the pressure to make indiscriminate cuts or slash headcount across the board. As much as I accept the task to trim the fat, I have to ensure against cutting into the bone, and to do this I have to undergo lots of pressures on all fronts, including getting the necessary buy-in from my employees. (Managing director -Jamaica)

> In the past, there were times that I felt much pressure from the many work demands made by my boss that I got nervous to the point where I missed my deadlines and made mistakes that I would not normally make. Until one day I got the courage to say to myself I can only do so much within a day: I will therefore only concentrate on those things to the very best of my ability and not worry over that which I am unable to get through on a given day. After a year doing this, I was able to master my new technique to the point where I gained a lot more confidence in my ability—so much that I started to challenge myself in taking on more things within the day. After that, I realised that the problem was not my boss but the lack of confidence I had in challenging myself beyond the norm. (Chief financial officer - Jamaica)

Instead of succumbing to such pressures, employees had to try to learn positive attitudes from their colleagues and see if they could improve themselves and match their skills. This positive competition scenario within an organisation helped the organisation, as all employees tended to perform better by giving more than what is expected (Atkinson, 2000). The probability was that the more skills an employee got, the more efficient and capable of risk decision-making he/she would become. Succumbing to pressures could increase the level of risks for the organisation (which could lead to unfulfilled orders, missed deadlines, non-payment of loans, or failure to meet statutory obligations resulting in penalty charges).

5.4.6.1 Indecisive managers

Decision-making involved a process through which choices were made based on several options (Wedley & Field, 1984). Several steps were offered to explain the process and the underlying difficulties of a rational decision within an organisational context (Greenberg & Baron, 2008). First, the manager had to identify the problem and then determine the goals. The manager then decided whether to solve the problem alone or to seek help from others. Next, the manager had to plan and create alternatives to potential solutions and evaluate them. The manager then had to choose one of the options generated and implement it.

Finally, the manager had to evaluate the previous actions to monitor the effectiveness of the decisions taken. This process was a generic model of decision-making analysis in an organisational context. However, all decisions did not necessarily follow the steps as outlined (Wedley & Field, 1984; Greenberg & Baron, 2008). Furthermore, decisions made in the present could have consequences for future decisions, and not all alternatives used in the past were useful options (Harris, 1998). Decisions related to work and organisational life were often affected by factors located at three levels of analysis: the manager, the team and the organisation levels.

On the other hand, a manager's indecisiveness could be attributed to beliefs and circumstances, including a lack of knowledge, not knowing to whom to turn for help, a lack of support from colleagues or senior managers, and stress. Indecisiveness could also be caused by fear of being blamed if the result did not meet expectations, or when managers did not want to justify the decisions made from the options available.

A manager's indecisiveness impacted time, money, team members' respect and motivation, as well as the opportunity to make bigger decisions at a higher level. Managers' indecisiveness impacted organisations' readiness to arrange timely risk-taking decision-making and could lead to financial losses and lack of competitiveness.

The following quotations represent the accounts given by participants during the focus groups:

- **Box 7: Evidence of indecisive managers**

- “I once served under a manager who just could not make a decision. In staff and planning meetings, one of his favourite phrases is “I don’t know”. It didn’t seem to matter what the issue or question was – whether strategy, or markets, or products, planning, or finance. No matter what we did, nor how we communicated or reasoned with him – he just could not overcome his indecisiveness. This went on for 18 months creating a huge negative impact not only on individual and team moral, but also our work products, our portfolio, and the broader markets we supported.
- He was truly a genuinely nice guy who was liked by his staff and peer managers, and seemingly had the support of his superiors but his indecisiveness was driving us crazy. One day I decided I have had enough so I followed him into his office and shut the door. As controlled as I could, I let him know what his indecisiveness was doing to the team and the business and that perhaps it was time for him to consider something else. I believe we were both a bit surprised by my directness, and for a moment, the thought occurred to me that perhaps I had inappropriately crossed some boundary. He was a gracious man and the awkwardness only lasted a moment, and I quietly left his office.
- To everyone’s surprise, within five days, he announced his resignation from the company. We subsequently learned that he left our industry altogether and went in a career direction that was closer to his heart and his true passions. In retrospect, it was clear that the gravity of the position had been weighing upon him heavily, and that he clearly had been considering his future options for quite some time” **(Operations manager - Barbados)**
- “I was asked by a client to schedule service maintenance on a weekend in order to avoid disruption to its operation with no additional cost. This is a major client, which the company could not afford to lose. However, if we were to grant the client’s request, given the company’s labour arrangement with the union we would be faced with an increased cost of approximately 15% on that contract. The only way around it was to sub-contract the service so that the challenge of the overtime pays for work done on weekends would not become an issue. The top management sat on it for weeks and instead of taking the simple decision to sub-contract the service they attempted to influence the union to accept a flexibility clause making way for the technicians to work any five of seven days, thus ruling out payment of overtime. Several unsuccessful meetings were held with the union, during this time the client wanted to get on and could not wait so they turn to the competitor that could offer the service. If I had that decision to make, my priority was to satisfy the customer, and then deal with my internal issues”. (**General manager Jamaica**)

Many participants expressed concerns about the difficulties experienced in getting some managers to make timely decisions. If managers failed to make timely decisions, it was likely to prevent the organisation from fulfilling its obligations to stakeholders or lead to the organisation's not being able to respond to imminent threats, leaving it vulnerable to its competitors. In either case, it increased the operational risks of the organisation and prevented it from taking advantage of any business opportunities.

5.4.7.0 Resources

'Resources', within an organisational context, meant making available skilled, competent and committed people, and offering the requisite financing (where available) for the planning and execution of organisational objectives. These resources were critical components of organisational functioning and impacted the kinds of risks the organisation faces daily (*The Deloitte report*, 2008).

5.4.7.1 Human capital (human resources skills)

Human resources (HR) is a fundamental component of the business of all organisations. Without a talented workforce and insights into its needs, organisational performance suffers. Many research studies have shown that to meet business challenges, grow the organisation and maintain customer satisfaction, the appropriate talent had to be acquired, retained, deployed, developed, and engaged. The accounts given by participants (in box 7) underscored this fact.

Human capital has been considered the knowledge, skills, experience and behaviour required by organisations to provide workforce talent initiatives to achieve its goals. Human capital needed to be consistent throughout the organisation. The following characteristics could be used as a guideline to develop best-in-class performance (Lawler, 2008):

a. Process (identifying job roles critical to organisational success)
b. Organisation (corporate focus and collaboration—line managers giving accountability for recruitment, development and performance management)
c. Knowledge management (managers having access to relevant workforce data time worked and certifications)
d. Technology (the ability of the organisation to measure its results to improve its business over time).

The effective use of human capital required management's full attention with regard to the career development of the organisations' talents, an effective retention strategy, and the degree of competitiveness brought to the enterprise.

Career development was perhaps one of the most disregarded and undervalued areas of human capital management. However, it has been well established by numerous studies that in today's highly competitive market, enterprises that perpetually facilitated their employees with the tools they needed to succeed were in a better position to push business outcomes. A well-performed career development strategy functioned as the underpinning for integrated talent management, connecting many talent processes in a manner that supported employee involvement, enhanced retention, and raised total output. Notwithstanding these gains, not many companies have understood how to design and execute a robust career development strategy. Some managers lacked the competencies to develop their employees, while many employees lacked the resources needed to influence their career path, and most technology providers were deficient in their capabilities to deliver required results.

The processes used in the acquisition and development of human capital played a critical role in the ability of an organisation to turn its organisational strategies into strong performance and growth, and to compete well in the marketplace (Lawler, 2008). The characteristics identified above could be used to determine and correlate best-in-class performance and competitiveness.

According to participants' accounts, many organisations recognised the importance of empowering employees and were pushing to increase their organisation's investment in career development. To achieve this, HR and talent strategies had to be in alignment with the business' strategy. This began with making sure business stakeholders (owners, management and employees) were involved so that alignment occurred from the beginning.

To be able to evaluate the benefit of human capital initiatives, organisations needed to define key employee performance objectives, ensuring the objectives reflected those of the organisation, including factors of employee engagement and retention, not to mention customer satisfaction and conservation.

[I have some customers who are prepared to pay for top-class service, and they are exceptionally demanding about it. Every time I am asked to manage a project for one of these customers, the factor that weighs heavily before making the decision is whether we have the competencies and commitment to satisfying the customers. This is against the background that the organisation suffers from a high turnover and are constantly training and retraining. This is coupled with the fact that we have a problem of work ethic among the staff. (General manager - Trinidad)

A major concern expressed by respondents, and perhaps the biggest challenge they faced, was the task of attracting employees with the 'right' combination of skills and attitudes to provide the required competencies and performance, considering aspects such as normal workloads and contingencies. Prioritising tasks, fault-tolerance mechanisms and resource allocation practices stood out as having serious limitations. It was essential to have adequate human resource skills, because these tied into how much risk one could take in one's financial portfolio (Bodie & Taqqu, 2012). Not having the right combination of human resource skills was a serious constraint on the managerial decision-making process and put the organisation at risk, especially in a fiercely competitive environment. Lawler (2008) advocated for organisations to make their human capital a source of competitive advantage. He advised that to do so required organisations not only to attract and retain the right people, but to organise and manage them effectively.

> Perhaps the biggest concern I have is to find a well-balanced manager to provide effective leadership to professional, technical and non-technical staff. The technical skills seemed to be there, but it is problems to get people who can command respect, develop trust and confidence, to enable them to influence people to work to standards. (Managing director - Barbados)

As noted elsewhere in this study, staffing difficulties could be the result of leadership ineffectiveness, poor management practices, and low rewards and recognition. Other reasons were put forward, such as the high levels of migration creating a 'brain drain' among the more skilled and competent people in an organisation. Other sentiments expressed focused on what some participants saw as a breakdown in work values at the workplace:

> The difficulties we are having in getting that 'balanced employee' is that we do not pay enough attention to promoting proper work values and positive attitudes at recruitment. We are more inclined to focus on skills. Moreover, after hiring, we do not seem to have a retention strategy in place. So that people will come but if they are not satisfied, they will leave. (HR director - Jamaica)

The skills shortage, lack of career development, and poor performance management, among other issues, impacted managerial readiness to tackle HR risks, such as retention, employee performance, incompetence, unethical behaviour, low morale, grievances and disputes, and excessive absenteeism.

5.4.7.2 Financial investments

Every company should have an investment statement of purpose to prioritise investment goals. Such a statement contains elements to describe the reason for investing and identify what the organisation intends to do with investment returns (Iverson (2013). For example, if internal growth is an objective, the enterprise might wish to allocate funds to employee training, developing new products, and capital assets. A statement of purpose with specific achievable and measurable investment goals should also align with the enterprise's vision and strategic business plan. For the strategy to be feasible, goals should extend over a defined period of years.

With regard to risk, it is important to avoid creating an investment strategy that reduces possibilities beyond the short to medium term. Paying attention to risk is no different for a business than it is for personal investing. Factors such as cash liquidity, insurance coverage, and current debt situation and requirements determine the risk tolerance level (Duncan et al 2014).

According to Duncan investment plan is also expected to include investing guidelines. Most strategies prioritise investments by type, i.e., internal or external. For example, low- to mid-risk varied investments might be the most appropriate if the organisation's intent is to develop renewable energy in five years without having to seek loan financing. Finally, a good plan includes benchmarks for performance measurements and a pre-established semi-annual to annual strategy-review schedule.

An enterprise financing strategy is the enterprise's plan to tackle and guide their investment decisions based on their corporate goals, risk appetite and future needs for capital. The components of most investment strategies include risk guidelines. Financial strategies can differ greatly, from a rapid growth strategy through which an organisation focuses on capital appreciation to a safety strategy, whose focus shifts to wealth protection. The most important part of an investment strategy is that it aligns with the organisation's goals and is closely followed by the board of directors.

5.4.7.3 Short-term versus long-term investments

There are decisions that organisations must make on a daily basis to keep their business running efficiently. The primary reason is for corporate finance to make money for the company's shareholders while upholding laws and responsibilities and behaving ethically. In doing so, certain strategic financial issues come into play for example, how the organisation should raise and manage capital, which investments the organisation should make, what proportion of profits should go to shareholders in the form of dividends, and so on. Some decisions and strategies focus on the short-term, while other financial decisions focus on the long-term forecasts of the company.

A company's current assets are items that can be converted to cash or may be used to pay current liabilities within a year. The current assets of a company comprise cash, short-term investments, inventory, accounts receivable, and any prepayments within a year.

The investment strategy should be in sync with the risk policy of the organisation. Of course, all organisations do seek above average returns on their investments, and this can sometimes be detrimental if such returns did not fall within the policy framework. It is necessary for organisations to assess their risk appetite and risk threshold and then link it with its strategic investment objectives. Written guidelines will help in the execution of a company's short-term to long-term strategies.

5.4.7.4 Long-term investments

Decisions related to an organisation's capital investment are directed toward its fixed assets and capital structure. An organisation must maximise its value by investing in projects that yield a positive net present value and must finance these investments properly.

Much concern was expressed by participants over issues of finance and investment in all of the industry sectors represented by the participants, except financial services. They expressed particular concern over what they considered to be too much emphasis on short-term (e.g. one to two years) investments at the expense of business opportunities, requiring medium- to long-term financing (three to nine years):

> In my organisation (which is distribution and retail), the board has taken a decision to invest only in projects that can provide short-term returns. The board is not interested in medium- to long-term investments, primarily because the gross profit margin is considered too low in the industry to allow us to carry long-term capital costs. This low margin certainly puts us at a disadvantage, as the information technology being used is antiquated and inefficient. We would like to invest in a kind of technology that would make us more efficient. We did the cost savings analyses and discovered that although it requires more than US$35m capital injection, it will provide over 42% in savings after four years. This would not only provide us with a competitive

> edge but would provide us with a platform to introduce more product lines and with the opportunity to revolutionise shopping in the eastern Caribbean. Shortly after the board made its decision, one of our major competitors embarked on a similar investment, and the fear is if we do not do something, as soon as their system is up and running, they will become a very serious threat to us continuing in business. (General manager - Barbados)

Having an investment policy that outlined the goals and objectives and ensuring that all relevant decision-makers were aware of its contents, would impact managerial risk decision-making in asset-backed investments, foreign investments and credit markets.

5.5.0 Drivers of managerial behaviour – impact and consequences

Figure 5 (below) was created based on participants' accounts of their experiences and the hierarchical structuring of decision-making of sampled organisations. The primary purpose was to show the connection between the main drivers of managerial behaviours the consequences of those behaviours and their likely impact on organisation's performance.

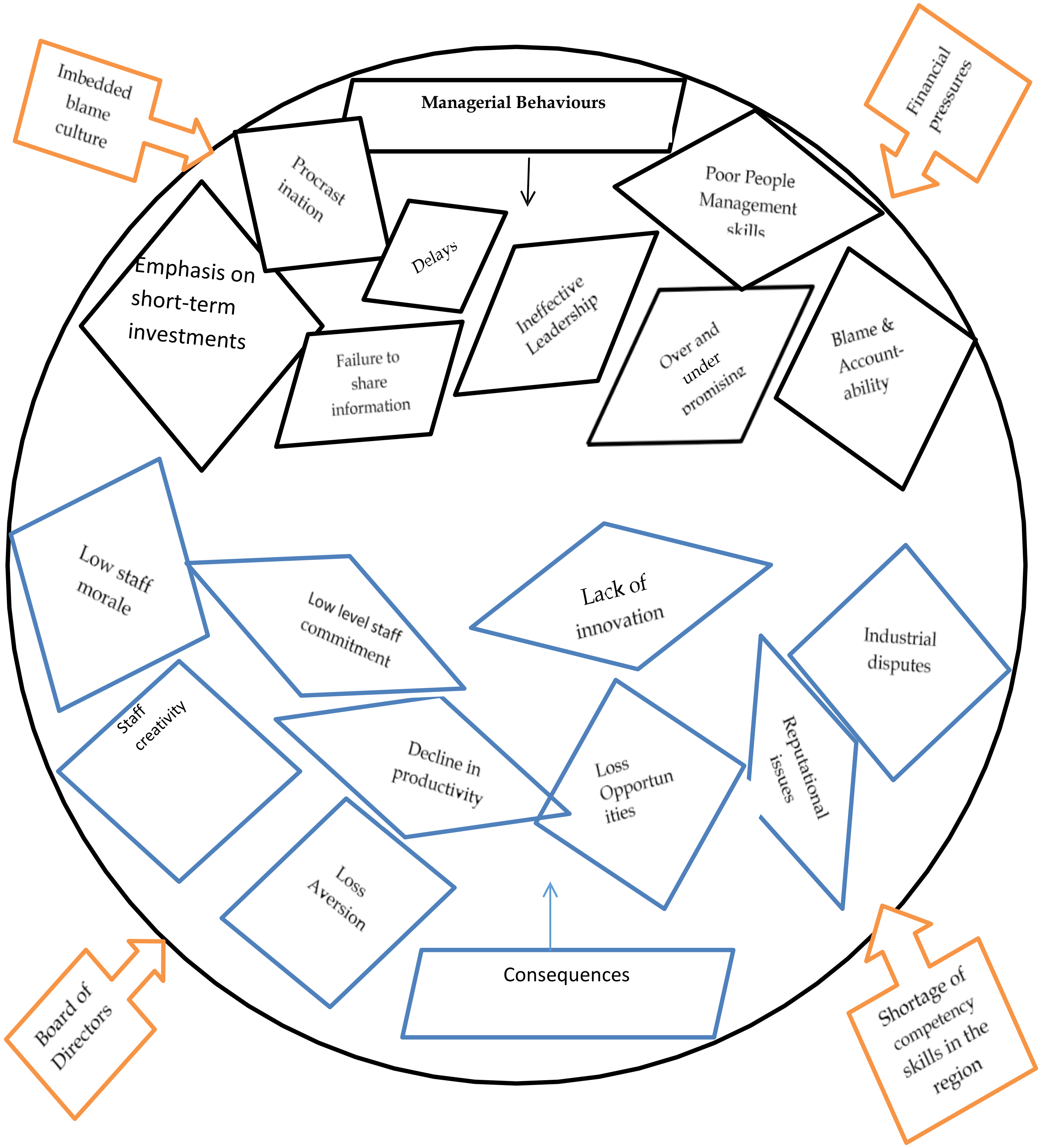
As cited in the outer circle of Figure 5 the main drivers of managerial behaviours were identified as:

a. Board of directors
b. Embedded blame culture
c. Financial Pressures
d. Shortage of competency skills in the region

The managerial behaviours influenced by these drivers are shown in the top inner circle of figure 5 while the consequences of these behaviours are cited at the bottom inner circle of Figure 5.

From the accounts of participants some negative managerial behaviours existed, and the consequences may have seriously impacted the risk decision-making climate of the organisations, resulting in those organisations not being able to achieve the best desired results for the Shareholders. The shift toward the influence of a more positive managerial behaviour has the potential to create a decision-making climate that is more conducive toward getting performance results most desirable or required by the shareholders of organisation

Figure 5: Managerial behaviours: impact and consequences



5.5.0 Main findings

Study 2 identified a multifaceted set of findings, many of which were inter-related and provided some insights into managerial decision-making behaviours toward risks. The main conclusions have been organised under the sub-themes listed below. Analysis of the findings provided some evidence to support the view that incentives and constraints played major roles in managerial decision-making considerations in risky situations.

5.5.1 Managerial Leadership

Participants had been exposed to different approaches to leadership, e.g., authoritarian, participative and laissez-faire. Each approach apparently produced different types of behaviour from their subordinates. An authoritarian, controlling style of leadership was perhaps more suitable when the leader was more knowledgeable than other team members (Bass, 2008). This style was potentially more efficient when the situation called for quick decisions, as in the construction industry. However, participants from other sectors implied that there were instances when leaders were not necessarily more knowledgeable than their immediate underlings (see participant's comment in 5.4.1). Authoritarian leadership, in these circumstances especially, could create dysfunctional environments with a strong emphasis on blame and accountability, and could sponsor cautious risk-averse behaviour, as in the first case described by a participant in 5.4.4).

On the other hand, participants appeared to show much more appreciation and support for participative leaders who encouraged team members to contribute but retained the final say in the decision-making process. This approach of leadership fostered commitment and joint ownership of critical changes that needed to be made (see case 2, participant's comment in 5.4.4).

With regard to a laissez-faire style of leadership, participants appeared to show little or no support, primarily because for this style to be effective, according to Lewin, Lippit and White (1939), highly qualified experts needed to be involved. Given the existence of situations in which there was an acute shortage of management/leadership competencies in organisations, participants appeared to be sceptical of this style of leadership. Some further reasons for this are listed below:

a. Some leaders were seen as not having shown enough interest in helping their charges to achieve their full potential, and so there was the perceived notion that the leaders did not care, understand, or make an effort to connect professionally and personally with staff. (5.4.1.2)

b. Senior and middle managers were challenged to stay the course with projects requiring medium- to long-term investment funding because of their organisations' focus on short-term gains and a loss-avoidance mindset. (5.6.1.3)

c. There appeared to be many communication challenges, including the withholding of information or failure to share information necessary to enable staff to understand a situation or decision better. There was a failure on the part of leaders to listen or to solicit ideas and suggestions from staff that might have better alternative solutions to a problem. Furthermore, there was an indication that not enough face-to-face one-on-one meetings took place. (5.4.1.3)

d. It was felt that more flexibility at the workplace could bring about greater levels of staff satisfaction and improved productivity. Participants were divided on how to achieve this, especially when there were multiple locations from which to choose, and unions appeared to exhibit a strong resistance to the practice (5.4.1.5).

e. Accountability foisted on the employee (e.g., the boss giving orders) was considered by a majority of respondents to be incomplete without the willingness on the part of the performer to accept the responsibility and stand by the consequences (being held accountable). In other words, participants supported the view that when employers and employees mutually accepted their respective responsibilities, they were accountable to each other. It was also revealed that the problem of accountability existed at all levels of management (5.3.1.4) and that leaders should set the tone since the impact of their approach on their underlings' behaviour and activities were fundamental to the risk climate and the decision-making process.

5.5.2 Blame culture

The accounts given by many participants indicated that blame was at different levels, and wherever it existed participants commented on the difficulties it created in the work environment. For example, the following comment was often made by participants:

If every time something goes wrong, a method does not work or there is a failed decision, and those staff members involved are openly blamed, and even ridiculed, then people will begin to lose confidence and self-worth and withdraw. (HR manager - Barbados)

Based on the experiences shared by participants, it appeared that they were not against being blamed for culpable actions once a fair and proven procedure was in place to investigate mistakes or wrongdoing. Their concerns were more about the singling out of individuals to blame and knee-jerk reactions in the absence of a fair process to examine what went wrong and how it might be corrected to prevent any recurrence. Central to this was the acceptance of responsibility and ownership of the consequences (accountability). In the case below, the question of who might have the moral standing to blame was raised:

My colleague was instructed by his director of operations to subcontract part of a project so as to free up his time to take on a huge project but to retain oversight management. My colleague complained that while not having any issue with subcontracting the project, he believes the oversight management should be given to someone else as he did not think he would have the time given the size and nature of the project he is taking on. The director insisted that he wanted him to retain oversight management. The project was subcontracted but failed to deliver on time, with 15% overrun costs. My colleague was held responsible and was penalised by having his bonus incentive reduced. Of course, my colleague was very dissatisfied, and although he was not against taking some responsibility, he is of the view that he was dealt with unfairly. The director should also be held accountable for the decision made for him to retain oversight management, given the scope and span of control of his new assignment. (Production manager - Jamaica)

There has been some literature support for managers’ concern over the question of responsibility and accountability (Cohen, 2006; Todd, 2012) and proportional blame (Bovens, 1998).
The experiences shared by participants suggested that blame existed at all levels in the sampled organisations and appeared to be modelled from the top by some senior and top managers. Although, generally, this finding concurred with previous studies in the area (cited in the literature review), the reported relationship between some boards and the executive management appeared to be functionally different. For example, in a case cited by a participant (5.3.1.3), the decision, which was of an operational and strategic nature, was made by the board against the advice of its executive management. The results not only worsened the financial performance but threatened the future of the organisation. Under normal circumstances, the board would most likely hold management accountable, and they would be subject to some form of sanction.

The treatment of blame in organisations, as expressed by participants, has the potential to stand in the way of managers and employees' taking responsibility for their actions, discouraging accountability, as well as hindering creativity and innovation.

Other specific findings related to the subsets are defined below:

1. A key finding was that trust, a major ingredient in holding relationships together, was sadly lacking at almost all levels of management. The explanations advanced in support of this were some managers failing to deliver on promises or overpromising, lack of openness and commitment to a cause, playing to the gallery (management by popularity), and failure to tell the truth no matter how perilous the situation (5.4.1.1).

2. The research showed there was a need for more openness among staff, particularly at the senior and middle management levels. It was felt that, whenever possible, managers should have more face-to-face meetings to communicate changes, new developments and performance issues. Another finding was that managers should bond with their peers and team members (those who were being managed), ensuring the mutuality of goal settings (5.4.1.2).

3. There was a strong perception that employees were treated unfairly. This perception was characterised by the treatment of culpability, inconsistent actions and inequitable rewards, and a general lack of recognition of persons perceived to be outstanding performers (5.4.1.3).

4. It was revealed that fairness concerning factors such as the allocation of allowances; salary; promotions; recognition of contribution and work experience; and access to training top the list of areas of dissatisfaction among employees of all categories (5.4.1.3). This list was in line with the findings of previous studies but varied at the top tier of management.

5.5.3 Reputational risks

Reputational risk was discussed from both the individual (manager) and corporate (board) perspectives. The success or failure of a manager's decision was perceived as having the potential to impact his/her career prospects within and outside the organisation, as well as the company's image, and this factor was always considered top of the mind of participants when making a decision:

> I believe operational leadership is critical to the success of any risky decision. I once

> had to reject a contract because I did not believe I had the necessary leadership or competencies to manage it, and I did not want to put my company's reputation and my credibility at risk. The job was very technical and complex, and our technical teams were already stretched. The contract, valued at US$12.5 million, was given to one of my competitors, who had a similar structure and experiences like ours. Six months into the contract, I was again asked to take on the contract because of the level of discontent being encountered by the company from the other contractor. Of course, I did not change my decision, because I considered our reputation as a company to be more important in this case than the revenues to be earned, as once you lose it, it is hard to rebuild. (Managing director - Barbados)

Many participants explained that if they perceived they were likely to be blamed and sanctioned if something went wrong, they might decline to make the decision for fear of losing their job or not progressing within the company:

> I was once asked to make a difficult decision. There were some ethical and moral issues which I was not prepared to compromise, and even though I knew not doing it would put my job at risk, I nonetheless refused because I had to live with my conscience. The boss was not happy, and from there on, even though I was not fired, the relationship had changed for the worse, and I eventually had to leave, but I was happy with myself. (Chapter 5.4.1.4.1)

Based on this belief, some participants did not express any fear of losing their jobs if they perceived themselves as behaving ethically. Other participants expressed the fear of making labour decisions that could result in industrial disputes or litigation against the company, which had the potential to affect the reputation and image of the company (see participants' comments, Chapter 5.4.1.4.1 and 2). Here, some participants expressed frustration at working with a set of labour laws that were perceived as favourably skewed toward labour.

Organisations could experience increased risk if there was a decline in the company's reputation resulting from poor product quality/service, negative public perception, and litigation. Likewise, the risk was reduced if public perception of the company's products/services was highly rated. Reputational risk had the potential to impact an organisation's financial future and could be a hindrance to any efforts to innovate and grow.

5.5.4 Reward systems

One of the major discussion points for participants was managers' inability to make changes to the incentive and reward programmes in their organisations (see excerpts of participants' comments below). The inference was that because managers were unable to address their subordinates' concerns satisfactorily, the trust and commitment factors were impaired, which impacted on individual and organisational performance (see Chapter 5.4.4.0).

Participants were concerned about many other issues, such as the need for a more variable compensation structure and flexible reward programme. These were seen as challenges that stood in the way of managers gaining employees' trust and commitment. They further contributed to the loss of skilled and competent people from organisations as well as to likely perverse behaviour among some of those who decided to stay (Schuster & Kesler, 2012).

Many of the sampled companies did not have a strong focus on a reward system; managers, therefore, experienced difficulties in addressing reward issues such as exceptional individual performances and outstanding customer service (see Chapter 5, Box 4, for perceptions of mixed messages on reward structures). Other concerns were advanced about the impact that reward structures were having on companies' ability to be more innovative and competitive in the marketplace. The concerns expressed by participants were supported by other research findings (for example, Kwon, Hewitt & Hein, 2013).

Overall, these concerns, if not addressed, had the potential to create a hostile work environment, making it difficult to create a risk decision-making climate that allowed organisations to adequately address efforts to create and maintain growth, development and competitiveness. Other findings included:

1. Reward systems were said to be the catalyst to employee motivation in any organisation, and this was strongly supported by participants. The study found, however, that it was not an area that had been given enough individual attention. The study showed that companies did not have a strong focus on reward systems, and questions related to the equitable treatment of staff were often raised and contributed significantly to employee discontent in organisations (Chapter 5.5.3.4).

2. Another key finding was that programmes of recognition for staff, e.g., long-service awards

or performance incentives, were either limited or non-existent in many organisations (Chapter 5.5.1.1).

3. There were mixed views as to which was more efficient cash or non-cash incentives relative to individual and company performance and based on the nature of business as well as the value of the incentive. The study revealed, however, that they both encouraged staff to become more involved and to give their very best, and that this helped send a message to employees that the organisation cared about and recognised their inputs. This concurred with the findings of previous studies (Chapter 5.5.1.2).

5.5.5 Managers' concerns/priorities

The concerns expressed by managers were varied but could be summarised as belonging to four broad areas: conflict management, motivating team members building an inclusive and harmonious team, and a shortage of management skills (see Chapter 5.6.1.0). Each area of concern had the potential to inhibit risk-taking and to increase risk-averse behaviour among underlings. The major findings are listed below:

1. The study revealed that managers were faced with three major concerns: staff commitment, a lack of people management skills, and low staff morale. It was observed that much needed to be done to foster greater levels of employee commitment, which was described as being consistently low (Chapter 5.6.1.0). It was felt that the perceived low commitment levels were the result of many of the issues raised in this report.

2. A significant finding was that many managers appeared to be lacking in interpersonal management skills. This had a potentially serious impact on their ability to establish or foster the kind of harmonious relationships conducive to team building and sustained productivity activities (Chapter 5.6.1.2).

4. There were serious morale issues triggered by the absence of adequate incentives; by limited or non-existent recognition for service and exceptional performance; and by disrespect and a lack of trust. These problems were often manifested in subpar performance and low levels of commitment (Chapter 5.6.1.0).

5.5.6 Workplace pressures

The workplace pressures faced by managers could be categorised as those coming from above, underlings and peers. So, while much time was spent taking care of pressure from above, they also had to handle the pressures of the people whom they managed and with whom they interacted. Such pressures were succinctly captured in the following comment by a participant:

There are some middle managers in my company that are being squeezed from above and below, and when they feel pressurised, they often put additional pressure on their colleagues and subordinates, creating a kind of domino stress effect. The reaction of other people to the causes of stress often appears to be the problem, rather than stress itself. Unforeseen things happen to us, extra demands are made, and time runs out, deadlines get passed. However, when the pressure becomes unmanageable, that is where I see trouble begins. I need pressure; so, too, [do] other managers. But too much (which we do get a lot of) [does] make us unproductive and inefficient, especially when you are racing against the clock. (Chapter 5.6.1.3)

As implied in the participant's comment, excessive workplace pressure could overwhelm some managers especially when such pressure was not in sync with their core competencies. On the other hand, added pressure could have a positive effect on managers if the competencies existed, and the required support from colleagues and senior management were in place, as exemplified in the following comment:

On one hand, my company seeks growth. On the other, I am asked to reduce costs significantly. The pressure, therefore, is to find a way to do both simultaneously. Creating a cost-reduction strategy that maximises efficiency without compromising growth potential is my biggest challenge, especially in difficult economic environments. I have to be constantly resisting the pressure to make indiscriminate cuts or slash head count across the board. As much as I accept the task to trim the fat, I have to ensure against cutting into the bone, and to do this I have to undergo lots of pressure on all fronts, including getting the necessary buy-in from my employees. (Chapter 5.6.1.3)

The main findings in this area were as follows:

1. Managers spent much time taking care of their pressures while also having to handle the pressures of the people with whom they interacted and managed. Many expressed the view that much help would be provided if more systems were in place to lend support to the full, routine, administrative functions they were performed (Chapter 5.6.1.3).

2. Some respondents considered pressure as positive in that it helped them to improve

their skills, be more creative and innovative, but this was dependent on how much pressure was applied and on one's capacity to absorb the pressure (Chapter 5.6.1.3).

3. It was revealed that some managers were challenged in decision-making primarily because of a fear of making the wrong decision. This behaviour left them open to blame if the results were unsatisfactory. Often, they just hoped the issue would go away if nothing was done. Others did not make timely decisions because of an inability to do so or fear that it would make them unpopular with their team members (Chapter 5.6.1.3).

5.5.7 Resources

This theme represented financial and human resources, both of which were crucial to the achievement of organisational objectives. In accounts given by participants, much emphasis was placed on short-term gains and loss avoidance, thus putting a severe strain on medium- to long-term financing projects on which the future success of the company might rest. For a sample of participants' accounts of how their organisations were being starved of investment funds, see 5.4.7.4.

This restraint has given cause for concern about the ability of some firms to set and achieve medium- to long-term strategic objectives. With regard to human resources, participants cited a shortage of a well-balanced set of managerial skills, with emphasis on leadership and interpersonal management skills (see sample of participants' comments in 5.7.1.1).

Not having the required management competencies inhibited an organisation in exploiting business opportunities and setting and maintaining product and service standards. It also inhibited risk-taking and increased risk-averse behaviour because of a lack of confidence. Other findings were as follows:

1. It was hard to obtain medium- to long-term financing, mainly because of the emphasis of many companies on short-term gains and a loss-avoidance focus. This focus on short-term financing had led to serious cost constraints on medium- to long-term projects on which the future success of a company might rest. The ability of some firms to set and achieve medium- to long-term strategic objectives had been causing some concern (Chapter 5.7.1.3).

2. Another of the findings of the study was the perceived shortage of managers with a well-

balanced skill set. Technical skills were said to be in adequate supply, but these persons often lacked leadership and interpersonal management skills. As a result of this, the management styles were ineffective in achieving the desired results. At the same time, they created conflicts, mistrust and low levels of staff commitment (Chapter 5.7.1.4).

3. Factors contributing to the shortage of senior and middle managers appeared to be weak leadership, poor management practices, small rewards, low levels of recognition, and a high rate of migration.

5.6.0 Discussion

It was striking that there was such a lack of reward and recognition structure in place, and the literature shows that such a structure has the potential to provide a context or framework to either support or hinder effective decision-making. Also, based on the many behavioural and even structural constraints, the extent to which these may represent hindrances to effective decision-making warrant further investigation. Reference to the literature review (Chapter 2) tells us there are many different reasons employees do things. Sometimes they are motivated to act because of inner desires and wishes (intrinsic behaviours), but at other times their behaviours are driven by a desire for external rewards (extrinsic behaviours).

The incentive theory is one of the major theories of motivation and suggests that people are motivated to do things out of a desire for reinforcement or incentives. According to this view, people are pulled toward behaviours that offer positive incentives and move away from behaviours related to no incentives. In other words, changes in behaviour from one person to another or from one situation to another can be traced to the available incentives and the value a person places on those incentives at the time (Bernstein, 2011). An important observation from the literature is that incentives can be used to get people to engage in certain behaviours, but they can also be used to get people to stop performing certain actions. Either way, this helps to determine the level of risks managers or organisations are allowed to take or the success/failure of decisions made.

In addition to the above issues, the study identified many common constraints (see respondents' comments) that have the potential to impair individual and organisational performance. Some of these limitations include the following:

Shortage of competent management skills

Considerable evidence has shown organisations worldwide are having difficulty finding the right combination of the management competencies (Kavanagh, 2010; Kazmin, Pearson, Robinson & Weitzman, 2011; Payne, 2008). The studies by the World Economic Forum and the Boston Consulting Group (2011) and the Manpower Group (2011) have shown that the shortage of skills problem does not only affect the Caribbean but is global, involving a broad range of job categories from all levels of management. How critical an impact this is having on decision-making among managers in the Caribbean and the strategies being taken (if any) to minimise the impact should be a subject for further investigation.

Leadership effectiveness issues

These were identified across the hierarchical structure of management (see managerial leadership)

The blame cultures

This is perceived as being deeply embedded in the practice of Caribbean organisations across hierarchical levels of management and has the potential to impact the practice of decision-making in risky situations.

Other constraints

Management exists between the cultures of senior management (the top policymakers, including corporate boards) and underlings (middle or junior managers). Accordingly, all managers must carry out the will of their seniors while the interests of their underlings. Unfortunately, this can create conflicts that the managers may not be able to resolve. To make matters worse, a failure to implement a directive or the fallout of a broken policy can often result in a middle or junior manager taking the blame when he/she had little decision-making power. The inability to resolve the interests of senior management and underlings can limit managers' effectiveness, and the resources afforded to middle and junior managers can be quite limited. Senior management may predict a target for productivity that by itself does not guarantee success but is dependent on the availability and applicability of skills and resources. A manager can only be successful when he or she is supported by underlings who have adequate resources to accomplish a goal or pursue alternative solutions. This means that different layers of managers are only as free to manage as their bosses allow them to be. Personal issues and the legal ramifications of addressing certain issues pertaining to employees can put a manager in a difficult situation. An employer cannot always offer consequences for poor behaviour (e.g., drug usage and sexual harassment); managers are therefore left to struggle with personal issues that spill into the workplace, and this sometimes impacts the quality of decisions made. For these and other reasons, it should be noted that incentive programmes and the identified constraints are worthy of further investigation.

5.7.0 Conclusion

In many of the discussion topics raised, there appeared to be a lack of understanding on the part of participants with respect to differences in managerial leadership. This situation may be due in part to the fact that there were different layers of leadership (ranging from top managers to junior managers) across industry sectors in both multi-national and indigenous organisations considered. This raised questions of not just the quality of leadership skills but the level of inherent authority.

1. Some topics discussed had little or no directly relevant published literature, indicating a general need for greater scrutiny of the influence of these constructs on risk decision- making.
2. Study 2 results provided some confirmation of the constructs identified in Study 1 and revealed eight areas of managerial behaviours that had a higher salience to managers and were driven by external factors, such as board policy and strategies, shortage of skills and competencies, imbedded blame culture, and financial pressures.
3. The likely consequences of the identified behaviours on organisational performance were highlighted from the account of participants.
4. The analysis of Study 2 has led to the identification of themes most prominent to managers when faced with risky situations. Highlighting the notion that these factors were not entirely discrete from one another, but shortcomings in some areas tended to predict that others would also fall short. The saving grace of these areas of the shortfall was the positive impact of other areas of risk, which appeared to mitigate/ameliorate (to some degree) these harmful elements.
5. A high degree of homogeneity was evident in risk decision-making among most respondents.
6. Participants from multiple industry sectors and large, medium and small organisations with different levels of management were represented in Studies 1 and 2, indicating that those risk variables important to managers appeared to be generalizable across a wide range of job roles.
7. Overall, this study produced several insights into not only what influences managerial behaviours, and the related variables managers value, but also into the degree of homogeneity across employment sectors (different industry sectors) of the islands, and the different layers of management and job roles therein. These findings were considered to provide a sound

basis for the development of a more extensive quantitative survey for the final study (Chapter 6).

Chapter 6: Quantitative study of decision-making in the presence of risk

6.0 Introduction

The insights from the interpretation of Studies 1 and 2 were used to test and develop a more formal, quantitative exploration of headline influences on workplace climate in managerial decision-making in the presence of risk.

The data from this quantitative survey was analysed using principal component analysis (PCA) to determine the underlying dimensions of the components of organisational climate that impacted managerial disposition toward risk in decision-making. Through this process, the principal components considered by respondents to be most impactful were identified. These components are discussed in relation to the findings from Studies 1 and 2, and the background literature on risk decision-making.

The findings from this study represented the culmination of insights arising from the research, as they not only provided a degree of triangulation/confirmation of findings from Studies 1 and 2 but also an indication of the generalisability of conclusions. These factors are considered to be important features of organisational culture that impact on managers' orientations to risk-taking or risk-aversion.

The findings corroborated many of the insights from the first two studies about the variables impacting on risk decision-making, e.g., on operations, finance and reputation. They have also highlighted some differences and similarities related to other research work (see Zarina, 2009; Young & Dulewicz, 2009; Koman & Wolff, 2008; Velnampy, 2009). The scope of the results provided a promising platform on which to develop a risk-climate profiling measure, mirroring health and safety practices in the workplace and safety climate assessment tradition.

6.1.1 Aims and objectives

6.1.2 Aims

The purpose of the study was to triangulate on the insights from the interpretation of Studies 1 and 2 and to explore further the role of workplace climate influences on managerial decision-making in the presence of risk.

6.1.3 Objectives

a. To develop and execute a quantitative questionnaire to address the aim stated above.
b. To develop questionnaire items that reflected the themes identified in Studies 1 and 2.
c. To explore patterns of responses regarding climate influences on decision-making embodying risk.

6.2.0 Method

6.2.1 Questionnaire development

The questionnaire items were designed to reflect the themes and sub-themes identified in the exploratory quantitative and qualitative studies (Chapters 4 and5) and were informed by theoretical insights gathered from the review of the literature (Chapter 2). The questionnaire items were strongly informed by the qualitative data findings, including the discussions with top, senior, middle, and junior managers. There were also items sourced from the literature. Therefore, the range of statements was appropriate to assess different position portfolios.

The constructs that emerged from the thematic analysis (Chapters 4 and 5) were used as the source for developing clusters of related items. Initially, over 130 items were developed (see Appendix D–E). There were concerns that a survey of this length would be unreasonably burdensome for respondents. Following precedents from studies with comparable objectives (March & Shapira, 1987; MacCrimon & Wehrung 1986), the battery was substantially reduced to a viable level that took into account the trade-off between the range of topics covered, the potential for respondent fatigue, and the objective of producing robust multi-item constructs.

Based on these concerns, the initial item set was substantially trimmed. Particular attention was focused on the item selection process by applying some repetitive steps to hone and refine the final set of items:

a. Ambiguously stated items were removed.
b. Items not having relevance to the organisations or industry sector were removed.
c. Items that mostly reflected core concepts were worded as clearly as possible to eliminate any ambiguity.

As a result of this process, the items were reduced to 67 (a 48.46% reduction).

6.2.2 Piloting of the questionnaire

A cognitive pilot to test the coherence and robustness of the question set, and to identify ambiguities in question semantics, format and instructions to participants, was carried out with an opportunity sample of managers. The pilot sample was representative of plural organisations from three nations: Barbados, Jamaica, and Trinidad and Tobago (during September 2012 – April 2013). A total of twelve managers agreed to complete the draft questionnaire and highlight those items they considered necessary for revision based on the following criteria:

a. Items containing multiple interpretations or ambiguity
b. Items that were either poorly written or difficult to understand
c. Items containing typographical errors and omissions.

The feedback received resulted in an amendment to five of the questions and the withdrawal of three questions that bore similarities to others.

6.2.3 Scaling of items

The item set retained was referenced to a five-point Likert scale, with anchors of 'Strongly Agree', 'Agree', 'Not Sure', 'Disagree', and 'Strongly Disagree' ascribed weightings of 5, 4, 3, 2, and 1, respectively. This method was chosen because Carifio (1978) indicated that it has empirically demonstrated strong potential to produce distributions that could be treated as interval data. Likert is a universal method used to collect data and is easy to understand. The minimum acceptable range is four points. However, using the scale of five points provided more options beyond 'For' and 'Against' opinions, allowing respondents to be neutral when they considered it necessary. The Likert scale was quick and easy to run and could be sent through most modes of communication. The anchor semantics provided a useful measurement of opinions, values and attitudes on a psychometrically controlled scale, which was critical to this study. The range (1–5) captured the intensity of respondents' feelings for a given factor and created a balance between positive and negative statements regarding each opinion or issue. Other scale points, such as 7, 9 or 10, could be used in cases of experiment studies (Dawes, 2008).

6.2.4 Sample

The sample (N=254) included top, senior, middle, and junior managers residing in Barbados, Jamaica and Trinidad (Table 27). The sample frame covered the key business sectors and functional areas of management and covered a larger number of respondents compared to the two previous studies, and of sufficient magnitude to support a PCA analysis. In order to increase confidence in the generalisability of findings, attempts were made to engage with a broader and more balanced sample from a wider array of industry sectors, as well as respondents with experiences not only in their respective country but other countries in the Commonwealth Caribbean.

Respondents were recruited from a list of previous volunteers within those companies that participated in both Studies 1 and 2 and included some new volunteers (approximately 10%). The sample (N=254) was larger than, and potentially more representative that those of Studies 1 and 2. It exceeded minimum recommendations, relative to assessment items, for performing a PCA test (minimum criteria, e.g., 100 respondents, 2:1 respondent per question ratio) Ferguson & Cox (1993). Communication letters were sent via email, including information about the time and date of the survey administration, and to remind recipients that participation was voluntary and anonymous.

The questionnaires (see Appendix C) were distributed over a period of six months in three of the largest islands Barbados, Jamaica, and Trinidad and Tobago. The questionnaire required an average completion time of approximately 25 minutes. The managers' response rate was approximately 61% (N=254). Respondents included top, senior, middle, and junior managers of organisations representing a cross section of industrial and service sectors within each of the three islands. Table 27 presents the number of participating managers, as well as their management level/grade, gender and age; Table 28 shows those managers by sector and by country.

Table 27. *Sample demographics by age and gender*

Age	**25+**		**36+**		**46+**		**56+**		
Gender	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**	**Total**
Top Managers	8	0	8	4	36	4	12	4	76
Senior Managers	10	0	10	4	28	12	20	3	87
Middle Managers	6	0	14	12	16	6	5	4	63
Junior Managers	8	6	12	0	0	0	2	0	28
Total	32	6	44	20	80	22	39	11	254

Table 28: ***Sample survey by sector and country***

Country	Const.	Financial Services	Manuf.	Oil & Drilling	Retail & Distrib.	Tourism & Hospitality	Total
Antigua	0	1	0	0	2	2	5
Barbados	3	6	5	1	6	13	34
Jamaica	5	5	10	0	13	23	56
St Lucia	0	2	0	0	3	7	12
St Vincent	0	1	0	0	1	2	4
Trinidad	4	4	16	12	6	1	43
Total	12	19	31	13	31	48	154

6.2.5 Ethical issues

All relevant ethical protocols were observed (see Appendices 2, 4 and 5). Specifically, permission was obtained from participating organisations to recruit volunteers within their organisations to participate in the quantitative survey. Focus group members were informed that they could withdraw at any time if they were uncomfortable with the questions. Group members were also informed of the confidentiality of the information shared.

6.3.0 Data analysis

The three key objectives of the analysis were as follows:

a. To explore and understand the structure of a set of variables related to risk decision- making.
b. To condense the data set to a manageable size, altering as little of the original information as possible
c. To enhance the insights that arose from the thematic analysis of the constructs affecting risk decision-making described in Chapters 3 and 4.

Following precedents from within the workplace risk culture/climate domain (Cox & Flin, 1998), principal component analysis was chosen to provide a practical approach to address the study's aims and objectives and was further justified by the findings of Gorsuch (1974) and Stevens (1992). Where the intent is to exemplify the data by recognising a small number of causal dimensions referenced to the common variance (by precedent assumed to be 1), PCA is the most suitable method (Field, 2005; also see Hastie, Tibshirani & Friedman, 2009). The SPSS Version 22 for PC software was used.

6.3.1 Pre-analysis checks

As suggested by Field (2005), the initial correlation matrix was examined to determine whether the data set could be considered appropriate for performing principal component analysis. The data was screened to check standard deviations, skew kurtosis and missing data. The KMO value was 0.276 (slightly less than the required minimum <0.30, Table 29). This value was the result of the relatively high ratio of questions to respondents (67 questions to 154 respondents). It provided two options: to double the sample size or to reduce the number of variables. The most practical option was to decrease the number of variables. A challenge faced was choosing suitable criteria for deletion. The principle of selecting of loading items (see Section 6.4.8) was applied.

Table 29: *KMO and Bartlett's Test*

Kaiser-Meyer-Olkin Measure of Sampling	.276	
Bartlett's Test of Sphericity	Approx. Chi-Square	15957.933
	df	2211
	Sig.	.000

This process resulted in the deletion of four items, therefore reducing the original items from 67 to 63. Widely adopted criteria for the factorability of correlation were used. Firstly, all 63 items correlated at least 0.3 with at least one other item, suggesting reasonable factorability. Second, the Kaiser-Meyer-Olkin measure of sampling adequacy for the revised response set was above the minimum value of 0.3 (Cerny & Kaiser, 1977).

All the reliability tests of the survey instrument, sample size adequacy and population matrix, were satisfied. Before proceeding with the PCA, the commonalities table was examined. Commonality explains the total number of variable shares with all other variables in the data set. This sharing is useful as it informs decision-making over which variables to extract. The Kaiser-The Mayer-Olkin test for sampling adequacy, Barlett's test of sphericity, and examination of the diagonal elements of the anti-image correlation matrix were conducted.

Kaiser (1970) advised the allowance of values greater than 0.5. However, the closer the value to 1.0, the better, as it indicates that precedents of correlations are dense, intensifying the chance that the factor analysis will yield reliable and clear components. Ferguson and Cox (1993) suggested that where Bartlett's test of sphericity was significant, it indicated that the R-matrix was not an identity matrix. Therefore, the relationships between the variables could be included for analysis. The above checks confirmed that the data set was suitable for factor analysis.

6.3.1.2 Suppression of low-loading items

Field (2005) pointed to arguments indicating that there was a precedent among researchers of setting an item-loading inclusion criterion of >0.3. However, the importance of loading was reliant on the sample size. Stevens (1992) advised that a loading greater than 0.298 for samples ≥300 was acceptable but advocated raising the criterion to 0.4 to aid interpretive purposes. Field (2005) also suggested suppressing loadings lower than 0.4, as it streamlined the interpretation of the results. Based on this advice, all items loading below 0.4 were suppressed from the rotated matrix output. In the first instance, all questions that loaded at <0.20 on any factor were removed. Cross-loading items were, for example, if 0.30 on one factor and 0.51 on another were retained.

Cross-loading questions that loaded to a broadly equivalent degree on more than one factor, e.g., 0.40 on one factor and one and 0.50 on another, were also retained. A further iteration of the analysis was conducted on the reduced data set. Face validity (a kind of content validity) reflected the acceptability of these measures (Ferguson & Cox, 1993; see Table 30 listing of dropped items). Initially, four items were dropped because of double/triple loaders, which raised the KMO Mayer-Olkin value to 348, thus making the data adequate for PCA (seTable31)

Table 30. *List of initial items dropped*

No of items dropped	Items	Q #
1	Innovative investment decision-making is encouraged in this organisation.	11
2	There is a high degree of scrutiny of all investment decisions in this organisation.	15
3	Managers' primary objective in this organisation is to preserve	59

	capital while generating consistent returns over the short term.	
4	In this organisation, senior managers’ objective is to aim for high long-term growth, with a willingness to incur some losses in short to medium term.	60

Table 31: *Kaiser-Meyer-Olkin measure of sampling adequacy*

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy	.348	
Bartlett's Test of Sphericity	Approx. Chi-Square	13555.072
	df	1953
	Sig.	.000

Exploratory factor analysis (EFA) was selected, as little was known about the relationships between the variables. Following recommendations by Smith and Jones (1992), a varimax rotation was applied. To achieve a modest, orthogonal structure, varimax was chosen as the method of factor rotation, as this was considered by Tinsley and Tinsley (1987) as the best of the orthogonal rotation procedures. The orthogonal type of rotation was selected in preference to an oblique factor solution, as the latter required the explanation of both latent dimensions underlying each factor and the latent dimensions underlying the correlations among the factors (Tinsley & Tinsley, 1987). As these explanations could not be provided at this stage of analysis, an orthogonal rotation was chosen. The criterion for rotation was set at eigenvalues >1 (Jones & Smith, 1994). However, examination of the scree plot (see Figure 2) suggested seven components were present, indicating that the criterion for rotation should be higher.

Following an iterative approach, a total of 27 items were discarded because they did not meet the criteria outlined above or the objective of deriving a simple factor structure. The loading balance was achieved iteratively by adding and dropping variables that had a low coefficient value in the anti-image matrix.

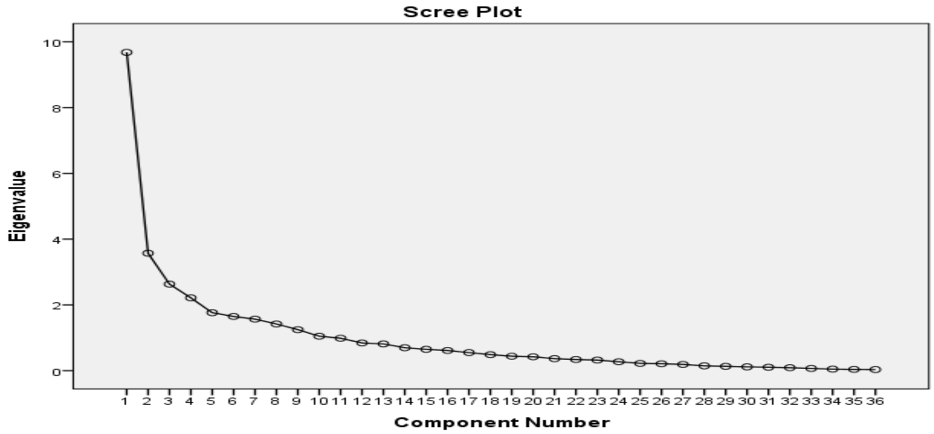


Figure 2. Scree plot of low-loading items

In Table 32, the 36 retained variables showed the KMO value of 0.653 after several attempts at adding and dropping variables based on the above reasoning.

Table 32: *KMO and Bartlett's Test*

Kaiser-Meyer-Olkin Measure of Sampling Adequacy	.653	
Bartlett's Test of Sphericity	Approx. Chi-Square	4202.279
	df	630
	Sig.	.000

In the preliminary solution, the number of components was equal to the number of variables included. Every component had an eigenvalue that represented the amount of variance that was accounted for by a given component.

As indicated in Table 34, the average commonality of the variables after extraction was above 0.60. The conventional rule about commonality values was that values (eigenvalues) of more than 0.50 at the initial iteration indicated that the variable was significant. Therefore, it should be retained for further analysis (Field, 2005). The eigenvalues and factor loadings were set at the traditional level of 1 (Field, 2005). Applying the possible root criterion on the number of principal components to be extracted suggested that seven components should be extracted, as their respective eigenvalues were greater than 1.5 (Table 33).

The scree plot chart was a useful visual aid to determine the appropriateness of the principal components to be retained. The scree plot charted the eigenvalue against the components. The number of components to be kept was found in the steep curve before the first point (known as the 'elbow') that started the flatline trend (Macrosson, 1999).

6.4.0 Retained components

As demonstrated in Table 33, and supported by the scree plot in Figure 2, ten components were found to have an eigenvalue greater than one. Based on the above rationale, the seven components with eigenvalue >1.5 were retained. These were extracted using a factor loading of 0.50 as the cut-off point. The total variance explained by each component extracted was found to be component 1: 26.891%; component 2: 9.923%; component 3: 7.312%; component 4, 5, 6, and 7: 6.153%, 4.896%, 4.581%, and 4.352%, respectively. The cumulative proportion of variance criterion indicated that the extracted components should together explain at least 50% of the variation (Field, 2005). The extracted components cumulatively explained 64.109% of the variation in the data set (see Table 33).

Table 33: *Total variance explained*

	Initial Eigenvalues	Rotation Sums of Squared Loadings		
Component	Total	% of Variance	Cumulative %	Total
1	9.681	26.891	26.891	6.169
2	3.572	9.923	36.814	4.004
3	2.632	7.312	44.127	3.631
4	2.215	6.153	50.279	4.096
5	1.763	4.896	55.176	5.395
6	1.649	4.581	59.757	2.810
7	1.567	4.352	64.109	3.388
8	1.420	3.945	68.054	
9	1.247	3.464	71.518	
10	1.048	2.910	74.428	

Notes: Extraction method: principal component analysis

The analysis then moved to an assessment of the presence of any complex arrangement among the variables. A complex arrangement was said to exist when a variable had a factor or component loading of more than 0.50 on more than one component. Loadings expressed the influence of each original variable within the component. After checking for a complex structure in the variables, the factor loadings were again examined to ensure that components had only one variable loading on them. This process resulted in the retention of all seven components. The rotated factor solution was shown by default and was essential in interpreting the final rotated analysis. Rotation suggested the performance of the variables under extreme conditions and maximised the loading of each variable on one of the extracted factors.

Table 34: *Structure matrix*

Variables	Component 1	2	3	4	5	6	7
Get to the top	**-.737**	-.456			-.463		
Treats fairly	**-.723**				-.484		
People are treated fairly	**-.722**			-.478			
Rule of natural justice	**-.657**				-.419		
Organisation accepts getting it wrong	**-.646**						
Good investment decisions are rewarded	**-.641**						
Consultation takes place	**-.629**			-.425	-.443		
Reluctant to accept consequences	**.628**						
Finding someone to blame	**.612**						**-.594**
Competencies to make sound decisions		**.845**					
Acute skills shortage		**.823**					
Human capital resources		**.800**					
Recruits competent senior managers		**.737**					
Incentives motivate to compete			**.785**				
Act in self-interest			**.781**				
There are short-term benefits			**.707**				
Board turns a blind eye				**.757**			
No one minds as long as nothing goes wrong				**.710**			
This organisation imposes sanctions				**-.691**			
Investment opportunities are lost				**.646**			**-.547**
Failure to grasp opportunities		.482		**.646**			
High degree of autonomy	-.429				**-.815**		
Detailed rules					**.725**		
Little or no autonomy					**.719**		
Offers good support	-.420			**-.519**	**-.669**		
Bureaucratic process					**.648**		
Manager not confident					**.601**		
Greater losses in the short term					-512		.423
Poor investment choices	.416					**-.756**	
Reckless managerial decisions						**. 659**	
Quick to apportion blame	.499					**-. 555**	
Openness is encouraged	-.481		-.465				**.671**
Managers do not blame staff							**.660**
Looking over shoulders							**-.622**
Incentive schemes reward quick wins			.538			-.440	-.516
Extraction Method: Principal Component Analysis Rotation Method: Oblimin with Kaiser Normalisation							

Note. Table 34 presents the results of the rotated component structure matrix of the PCA.

Oblimin and varimax (Kaiser, 1958) rotations were applied to obtain a structural matrix, which showed the loadings of every variable on the retained factors. These rotation techniques were applied because they were the most common rotation methods with very similar results (see Table 34). This loading helped to interpret the meaning of every variable having the highest loadings and to analyse them regarding their similarity to the measured construct.

6.4.1 Naming of components

Turning to the interpretation of the seven principal components extracted, it was instructive to note that the many original variables had been summarised into seven new correlated variables that explained 64.109% of the total variance. It was stated earlier that Oblimin rotation was used and the use of this method assumed relatedness.

6.4.1.2 Component 1

Component 1 included nine items, each presented as related to a different aspect of fairness and equitable treatment of the various categories of employees. The constituent items related to the treatment of managers and regard for fairness and equity in the allocation of resources and provision of equal opportunity and promotion. They indicated the salience of elements related to perceptions of justice in how workplace disputes and conflicts were handled. Three of the items related to the attribution of blame and the resultant consequences of inabilities to take responsibility or ownership when something went wrong. Based on the review of the content of items, this component was called 'equity and fairness'.

6.4.1.3 Component 2

Component 2 included four items. They appeared to emphasise the importance of having skilled managers capable of participating in the risk decision-making process. It further pointed to the challenges faced by organisations in recruiting the required competency skill set from a labour market that appeared unable to satisfy the required human resources. The second component was therefore entitled 'skills and competencies.

6.4.1.4. Component 3

Component 3 consisted of three related items. The content of this component spoke to the issue of incentives and rewards, and the role they were perceived to play in the process of risk decision-making. It related to the types of incentives and rewards available to managers monetary or non-monetary and was therefore named 'incentives and rewards'.

6.4.1.5 Component 4

This component had four items related to issues of compliance with organisational policies and procedures. The component related not to whether there was compliance but to the consistency of the practice throughout organisations at all levels. It also referred to a process that needed to be put in place to handle breaches and the execution of appropriate sanctions against those members of the organisations committing the breaches. The component was therefore titled 'compliance with rules and procedures.

6.4.1.6 Component 5

Component 5 had seven items related to the level of autonomy that managers were either allowed to exercise and/or were capable of handling. The issue of what bureaucratic process might be in place or absent, serving as an aid or hindrance, was related to this component. The component referred to the degree of confidence managers had or did not have to exercise the necessary autonomy on the job. This component was therefore named 'autonomy'.

6.4.1.7 Component 6

The sixth component had three related items concerning those issues that would cause a manager to be involved in activities that had the potential for him/her to lose or gain something that was of value. It related to factors influencing investment choices and the relevant results. This component referred to some decisions that could lead to personal consequences, positive or negative, and was therefore named 'perceived personal implications.

6.4.1.8 Component 7

The final component had six items related to the framing of decision-making in organisations. It referred to those decisions that reflected the collective expressions or behaviour of an organisation's hierarchy, but which might not be popular among the stakeholders or the public. The hierarchical failure to act decisively and quickly in a matter of financial import could result in the organisation's losing out on an investment opportunity. This component related to issues that could go wrong with the causative factors originating from the decision-making framework of the organisation; for this reason, it was named 'institutional blame'.

6.5.0 Exploring patterns of responses regarding organisation climate influences on decision-making embodying risk

The analysis proceeded with exploring the scope to develop the identified factors into a set of construct scales. The purpose was to determine the scope for developing an organisation level measure of a risk decision-making climate. Such a measure might be used by organisations to profile the whole or different segments of their organisation, or to inform corporate decisions over the need for intervention, e.g., where there was a belief that managerial decision-making was too risk-averse or too reckless.

Since the seven key components were determined, it was considered necessary to explore the relative level of internal consistency and contrasting differences that might exist within and between the various demographics. An analysis of the scales (items) loading on each on each of the seven component factors was conducted. These scales were used to test for differences using the t-tests and ANOVA to profile demographic contrasts among participating organisations by gender, age cohort, management levels, industry sectors, and country. The objective was to examine whether the risk decision-making climate scales discriminated between one context or another.

6.5.1 Scaling of items

Scaling of the items under each of the seven component factors was conducted using the Cronbach alpha test of internal consistency reliability. A coefficient, of 0.70 or higher considered acceptable (Cronbach, 1970). This exercise was to determine the internal consistency of each construct. The results revealed six of the seven components had a reliability score of greater than 0.70, while one had a score of less than 0.70 (0.54). The alpha coefficient for equity and fairness; skills and competence; incentives and rewards; institutional blame; autonomy; and rules and compliance suggested that the items had relatively high to satisfactory internal consistency (Table 35). However, the items under perceived implications, with a score significantly under 0.70, suggested the subscale items were weak and may not be reliable. Two plausible reasons were offered for the low score: 1) there was a more substantial variation of opinions among respondents in the subsets of the component compared to others, and 2) the questions related to the items under this component may not have been best suited for the theme—this component was therefore dropped.

Table 35: *Cronbach alpha test of reliability results*

Scale	Number of Items	Cronbach Alpha
Equity and fairness	N=9	A=0.826
Skills and competencies	N=4	A=0.851
Incentives and rewards	N=3	A=0.766
Rules and compliance	N=9	A=0.716
Institutional blame	N=6	A=0.724

Autonomy	N=7	A=0.729

6.5.2 Analysis by demographics

The demographic data provide information about the different levels of management, industry sector and country involved. The purpose of this analysis was to test the internal consistency reliability of the data within and between the groups and sectors and to allow for the assessment of differences and or comparability.

The analysis used the set of prototype construct scales to test for differences referenced to headline demographics, e.g., gender, age groups, management levels/grades, industry sector, and country. Comparisons were made of organisations in manufacturing, financial services, tourism and hospitality who participated in the study. The aim was to determine the rating of respondent's answers on a scale for each sector (Appendix I, Table 47). The results of the analysis showed some variation between the groups. Each factor was independently tested.

6.5.2.1 Gender

The data was divided between male and female (Males N=97, Females N=58). There were no significant gender differences with regard to fairness and equity, autonomy, rules and compliance, and institutional blame. However, males appeared to show more positive perceptions of rewards and incentives than females (see Appendix F, Table 36).

Table 36: *ANOVA test of components by gender*

Group Statistics

	Demo 3	N	Mean	Std. Deviation	Std. Error Mean
Equity & equity	Male	97	3.2932	.64713	.06571
	Female	58	3.2203	.83135	.10916
Skills & competencies	Male	97	2.7655	.93459	.09489
	Female	58	2.3362	.91593	.12027
Incentives & rewards	Male	97	3.1237	1.07778	.10943
	Female	58	3.7328	.81227	.10666
Rules & compliance	Male	97	3.2639	.53584	.05441
	Female	58	3.1103	.59374	.07796
Autonomy	Male	97	3.2018	.62704	.06367
	Female	58	3.2611	.71761	.09423
Institutional blame	Male	97	3.2113	.68614	.06967
	Female	58	3.3592	.66944	.08790

6.5.2.2 Age

The respondents were divided into three different age groups: 25-35 (N=5), 36-45 (N=7), and 56 and over (N=8). There were no significant differences with regard to fairness and equity, skills and competencies, rules and compliance, or autonomy. With regard to incentives and rewards, and institutional blame, there were modest differences. Persons in the age group 25–35 years tended to have a positive view of rewards and incentives, and perceived implications, compared to the upper age groups, while having a somewhat negative impression of institutional blame (see Table 37).

Table 37: *ANOVA test of components by age*

		Sum of Squares	Df	Mean Square	F	Sig.
Fairness & Equity	Between groups	.595	3	.198	.378	.769
	Within groups	79.195	151	.524		
	Total	79.790	154			
Skills & Competencies	Between groups	2.247	3	.749	.831	.479
	Within groups	136.112	151	.901		
	Total	138.359	154			
Incentives & Rewards	Between groups	20.801	3	6.934	7.384	.000
	Within groups	141.786	151	.939		
	Total	162.587	154			
Rules & Compliance	Between groups	.871	3	.290	.920	.433
	Within groups	47.643	151	.316		
	Total	48.514	154			
Autonomy	Between groups	.099	3	.033	.074	.974
	Within groups	67.127	151	.445		
	Total	67.225	154			
Institutional Blame	Between groups	4.300	3	1.433	3.219	.025
	Within groups	67.233	151	.445		
	Total	71.533	154			

6.5.2.3 Management levels

The Away analysis of variance (ANOVA) was used to assess whether any differences were present between the levels of management among the seven principal components. The results of this test revealed that, regardless of the position held in the organisations, no statistically significant differences were detected with regard to fairness and equity (f [3, 151]=1.49, p>0.05); autonomy (f

[3, 151]=1.47, p>0.05); perceived implications (f [3, 151]=1.92, p>0.05), or institutional blame (f [3, 151]=2.6, p>0.05). However, significant differences were detected with regard to skills and competency (f [3, 151] =6.39, <0.01).

Junior staff had a significantly lower perception of the skills and competencies (M=1.25, SD=0.46) compared to top-level managers, who had a higher score (M=2.64, SD=0.9). While middle-, senior- and top-level staff had a positive perception of skills and competencies the junior staff could be classified as ambivalent. This difference implied that top, senior and middle managers considered their experience and successes in risk decision-making to be more critical than their junior colleagues, who might consider the opportunities to get ahead to be more crucial (see Tables 38 and 47 Appendix I).

6.5.2.4 Industry sectors

The spread of respondents in organisations across six major industry sectors showed that the sample in some way reflects the distribution of business by sector across the islands. For example: tourism and hospitality (48), manufacturing (31), retail and distribution (31), construction (12), oil and drilling (13) and financial services (19) (Table 28). There were no significant differences across (within and between) the six constructs (Table 38).

Table 38: *ANOVA test of components by management levels*

Components		Sum of Squares	Df	Mean Square	F	Sig.
Fairness & Equity	Between groups	2.305	3	.768	1.497	.218
	Within groups	77.486	151			
	Total	79.790	154			
Skills & Competencies	Between groups	15.593	3	5.198	6.393	.000
	Within groups	122.766	151	.813		
	Total	138.359	154			
Incentives & Rewards	Between groups	11.322	3	3.774	3.767	.012
	Within groups	151.266	151	1.002		
	Total	162.587	154			
Rules & Compliance	Between groups	4.617	3	1.539	5.294	.002
	Within groups	43.896	151	.291		
	Total	48.514	154			
Autonomy	Between groups	1.904	3	.635	1.467	.226
	Within groups	65.321	151	.433		
	Total	67.225	154			
Institutional Blame	Between Groups	3.513	3	1.171	2.600	.054
	Within Groups	68.020	151	.450		
	Total	71.533	154			

The spread of respondents in organisations across six major industry sectors showed that the sample in some way reflected the distribution of businesses by sector across the islands. For example: tourism and hospitality (48), manufacturing (31), retail and distribution (31), construction (12), oil and drilling (13), and financial services (19) (Table 28). There were no significant differences across (within and between) the six constructs (Table 38).

6.5.3 Country

There was a large enough sample from each country to support statistical testing (see Table 28). There were no significant differences across the seven constructs, as reflected in the ANOVA test (significance set at p<=0.05; see Table 40). However, there were minor differences related to skills and competencies and the autonomy between groups. This modest difference suggested that there was homogeneity among respondents in the manner in which risk was perceived in the various islands.

Table 39: *ANOVA test of components by industry*

Components		Sum of Squares	of	Mean Square	F	Sig.
Fairness & Equity	Between groups	1.882	5	.376	.720	.609
	Within groups	77.908	149	.523		
	Total	79.790	154			
Skills & Competencies	Between groups	9.759	5	1.952	2.262	.051
	Within groups	128.599	149	.863		
	Total	138.359	154			
Incentives & Rewards	Between groups	17.331	5	3.466	3.555	.005
	Within groups	145.256	149	.975		
	Total	162.587	154			
Rules & Compliance	Between groups	3.114	5	.623	2.044	.076
	Within groups	45.400	149	.305		
	Total	48.514	154			
Autonomy	Between groups	3.156	5	.631	1.468	.204
	Within groups	64.069	149	.430		
	Total	67.225	154			
Institutional blame	Between groups	4.119	5	.824	1.821	.112
	Within groups	67.414	149	.452		
	Total	71.533	154			

A plausible explanation was that many of the respondents felt that residents in one island had operational responsibilities for other islands, with much interaction at both the professional and social levels. Another possible reason was the relatively high level of inter-island marriages, and regional educational and training among respondents. Based on the t-test and ANOVA, no evidence was detected of scales discrimination between one context and another.

Table 40: *ANOVA test of components by country*

ANOVA

Components		Sum of Squares	Of	Mean Square	F	Sig.
Fairness & Equity	Between groups	2.090	5	.418	.801	.550
	Within groups	77.700	149	.521		
	Total	79.790	154			
Skills & Competencies	Between groups	2.830	5	.566	.622	.683
	Within groups	135.529	149	.910		
	Total	138.359	154			
Incentives & rewards	Between groups	5.907	5	1.181	1.124	.350
	Within groups	156.680	149	1.052		
	Total	162.587	154			
Rules & compliance	Between groups	2.282	5	.456	1.471	.203
	Within groups	46.231	149	.310		
	Total	48.514	154			
Autonomy	Between groups	1.237	5	.247	.558	.732
	Within groups	65.989	149	.443		
	Total	67.225	154			
Institutional blame	Between groups	2.088	5	.418	.896	.485
	Within groups	69.445	149	.466		
	Total	71.533	154			

6.5.4 Discussion

This study identified a set of constructs that possess face validity with regard to constituting relevant components of risk decision-making culture and patterns of decision-making. These appear to impact managers' orientations to risk decision-making. This awareness, and how the impact helps to shape managers' risk orientation to decision-making, is crucial since it suggests that people will behave in predictable ways, depending on the decision-making process and the normative/conformity effects.

Where the identified variables are malleable, there is the implication that organisations need to consider how the prevailing climate operates or influences behaviour in the presence of risk. This further implies that alternative configurations might influence risk-averse or risk-seeking behaviour.

The desirability of either behaviour relates to corporate objectives in each context. However, it is crucial for organisations to recognise this, as they may have a pattern of decision-making that produces undesirable behaviour, or behaviour that ran counter to corporate objectives. This section discusses the pattern of consistency and contrasting differences within and between the six demographics embodying the six components. Also, it points out how each of the identified components impact on decision-making in the presence of risk.

6.5.5 Fairness and equity

The insights from past studies suggest differences in what people experience as fair and equitable treatment, both essential considerations risk decision-making, and what is critical to maintaining morale and loyalty among the workforce (Gerhart, Minkoff & Olsen, 1995).The results in Table 38 show no overall significant difference in respondents' perceptions of fairness and equitable treatment (f [3, 151]=.768, p=0.05). However, there are modest differences when viewed by country (Table 45 Appendix I.) In St Lucia and Antigua, respondents' perceptions appeared to have the lowest levels, compared to their colleagues in Trinidad, Barbados, Jamaica, and St Vincent. For example, St Lucia M =3.43, SD =.459, compared to Trinidad – M=3.37, SD=.808 (see Appendix F, Table 40). Schlicht (1998) suggested that the specific laws and institutions of each country promote explicit and implicit rights, which contribute to behavioural practices that in turn contribute to differences in perceptions of fair and equitable treatment. Based on the results in Table 7.10, there was no overall significant difference in respondents' perceptions. Yet there were little differences between the groups of 25–35-year-olds and those 36 and over, as well as between and within the industry sector groups (Table 39 and Appendix I). Notwithstanding the above, Managers' who have positive/negative perceptions of how issues relating to fairness and equity are handled by the board and top/senior management may serve to motivate behaviours that promote or discourage risk taking or risk averse decisions.

6.5.6 Skills and competencies

Skills and competencies are a measurement of how knowledge, abilities and behaviours are critical to satisfactory job performance (Papulova & Mokros, 2007). A choice of the right competencies allows a manager to plan how to organise and develop the workforce, and to take risks or risk-averse decisions that best serve the organisation's objectives, given a set of circumstances (Cockerill, 1989). In Chapters 4 and 5, respondents commented on the challenges experienced in getting balanced skill sets and the competency issues that followed. The results in Table 38 revealed a significant difference between and within groups (f [3, 151] =6.39, $p<0.01$). A significant difference exists between the top, senior and middle managers on the one hand and junior managers on the other. Junior staff appeared to have a significantly low perception of skills and competencies (M=1.25, SD=0.46) compared to their senior colleagues (M=2.70, SD .956; see Appendix F, Table 6.14). This low perception might be attributed to the emphasis senior managers with years of experience placed on experience and a record of success in risk decision-making, compared to the emphasis younger managers placed on securing the opportunity to hone their skills in the shortest possible time.

Although there appeared to be a modest difference between top, senior and middle managers, the broad interpretation of the findings is that skills and competencies do impact the climate of managerial risk orientations in organisations. This finding broadly concurs with some of the most recent studies (e.g., Papulova & Mokros, 2007).

Having little or no managerial skills and low competency level are potential obstacles to managers making and taking responsibility for and showing commitment to appropriate decisions on time. This component is therefore crucial to the process used by organisations to create a decision-making risk climate conducive to ensuring that the required and most desirable objectives are pursued successfully.

6.5.7 Incentives and rewards

Incentive and rewards strategies address financial and non-financial rewards required to attract, maintain and inspire skilled competent and capable employees to help organisations achieve their objectives. In Chapter 5, managers commented on the lack of focus being given to incentives and rewards, and the considerable challenges that followed. Tully (1995) opined that employees are having anxiety from not knowing whether they will get a salary/wage increase or even retain their jobs. It is, therefore, reasonable to conclude that both employers and employees share in the risks that impact incentive and reward issues. Tully (1995) posited that such a risk is considered part of incentive programmes that often impact employees’ remuneration and behaviour.

Different views have been expressed regarding attitudes to incentives and rewards. Employee contentment is influenced by what is received and what the individual perceives should be received (Edward, 2009). One therefore may assume that if employees and their employers engage in constant strife over issues of reward and incentives, the result is likely to be frustration of employees and underperformance. The results in Table 35 indicate that respondents consider incentives and rewards to have impacted the managerial risk climate, while the results in Table 39 reveal that there is no significant difference between and within a group's perception (f [3, 151] 3.76, $p > 0.05$). Overall, the results indicate that managers assign a moderate level of importance to incentives and rewards and consider them an influence on the risk climate of their organisations. This means that if managers perceived their rewards not to be comparable with their output, commitment and comparable rewards to their colleagues in similar organisations, they are less likely to be enthused toward performing their best. They are also likely to be less inclined to be involved in the risk decision-making climate, whether such decision is deemed to be either in in the best or worse interest of the organisation. Furthermore, such perception may lead to perverse behaviour against the common good of the organisation.

6.5.8 Autonomy

According to the literature, employee autonomy may vary in interpretation depending on whether the organisation is a stand-alone or part of a group of companies operating at the level of a multinational corporation (Taggart & Hood, 1999). Some of the risks employees faced under this construct involved managers not being given enough control over the activities under their immediate authority and some managers abusing their authority. Additionally, as Langfred (2007) noted, self-managing teams are not always good at managing themselves. Also noted is that respondents' lack of consultation among their team members, coupled with the competencies of the manager (see respondents' account in Chapter 5),

often determines the ultimate authority over the team. The results of some studies (e.g., Harrell & Alpert, 1979) support the view that managers should be given a structure that allows them the freedom and authority to look at different approaches to managing those under their control. One of the findings of Hartman and Nelson (1996) revealed that a high level of autonomy was present in a risk-taking group of managers. The results in Table 6.10 show no significant difference in respondents' overall perception of risk climate or quality of leadership by manager (f [3, 151] =.033, $p>0.05$) but modest differences among the demographic groups.

Autonomy allows managers a certain level of authority to make certain decisions. Where it exists, it is expected that the manager will use it to carry out specific responsibilities and to be held accountable. Where managers are prevented for whatever reason to exercise the necessary autonomy or failed to make use of it, it could have profound impact on the manager's ability to participate in risk decision-making process.

6.5.9 Compliance with rules

This construct relates to organisational climate: the way risk choices are associated with non-compliance regarding company policies, not to mention legal and regulatory bodies. Such risks can represent a direct threat to an organisation's earnings or capital because of non-conformance, or the violation of laws or prescribed practices (Hale et al., 2012). The one-way t-test and ANOVA result in Table 37 showed no significant difference in respondents' overall perceptions of this component. When compared with the Cronbach alpha test of reliability scores for the other components, one may conclude that respondents did not regard this component as a substantive risk factor but still held it as one that should not be ignored. It should not be ignored since it helps to create some degree of order and structure to regulate behaviour and conformity which no doubt can influence risk behaviour in either a positive or negative direction.

6.5.10 Institutional blame

This component relates to issues arising from the architectural design and functioning of the organisation. It refers to the collective expressions or actions of the corporate hierarchy but may differ from those of the public or stakeholders of the organisation. In Chapter 5, respondents gave their accounts of some issues that could potentially have damaged some companies' image and led to costly litigation or even threats to these companies' future. The absence of quick action by the hierarchy of organisations in response to perceived wrongdoing by stakeholders or the public, may lead to failure to take on investment opportunities. It can also lead to a loss of revenue and corporate reputation. Reputational and culpability risks are relevant from the perspective of the individual, i.e., corporate perceptions of vulnerability leading to a range of coping strategies, which are of relevance from the perspective of organisational culture (Power, 2009). Based on the account of the participants in the focus groups (Chapter 5), it is reasonable to conclude that reputational risk

exists if a company's performance does not equal stakeholders' or expectations or those of the public over time (Gupta, Vijay & Agarwal, 2013).

The results of the ANOVA and t-tests (Tables 37 and Appendix F, Tables 44 and 45) show no overall significant difference in respondents' perceptions and little difference between and among the demographic groups. The results further indicate that respondents consider this component to be one of the top strategic risks faced by organisations. This concurs with the Deloitte (2014) global survey on reputation risk.

The impact of this component on risk decision-making climate in organisations is well known particularly in the health and safety domain. Where there is no mechanism to allow for mistakes, equitable and fair treatment of culpable behaviour, managers may be unwilling to participate in certain decisions especially those that have the potential to impact on their career and personal reputation. Such unwillingness will hinder efforts to create the appropriate risk climate and prevent innovation and creativity among managers.

6.6.0 Process of analysis and rationale

The tests for the internal consistency and contrasting differences that may exist within and between the demographics were conducted using t-tests and ANOVA based on the six constructs. The items under each construct were scaled using the alpha test of reliability co- efficiency (see Table 35 - Chapter 6). The analysis of demographics was conducted using a set of proto scales to test for differences arising from each of the demographics, e.g., gender, age, management level, industry sector and country. A comparative analysis of a sample of organisations who participated in the study from across three industry sectors was conducted to establish the mean score (Figures 7.0 and 7.1). An exploration of the scope of contrasting measures of risk decision-making climate was necessary because:

1. It potentially produces a tool (barometer type) that could be used by organisations to survey either their entire organisation or parts of it to see the score on each scale. Such a tool would give a profile of the organisation on each factor.
2. Senior management could then reflect upon the results and consider whether the profile fits the kind of risk behaviour that they want to see or whether there is a need for change.
3. Armed with this knowledge, they could then take action (initiatives and interventions) to attempt to bring about change that could socially construct the kind of climate they would like to see.

As defined by Garvin (1993), a learning organisation is one that creates, acquires and transfers knowledge, as well as modifies its behaviour to reflect new knowledge and insights. Fundamentally, this definition does not only address the learning of new ideas and the transformation of knowledge to get work done, but the potential for ongoing improvements. On the strength of this definition, a climate tool of the type being advocated would be useful from an organisational learning perspective. Using it to survey managers would:

a. Provide a benchmark of the current profile (score on each scale)
b. Highlight what needs to change
c. Provide a benchmark against which comparison can be made to assess change over time and analyse the success of interventions aimed at changing the culture of risk decision-making within the organisation.

6.6.1 Sample risk profile

Table 43 simplifies an organisation risk profile of a significant array of Caribbean businesses, which constitutes headline influences on managerial disposition toward risk as well as captures the potential effects that different risks have on companies' performance. This sample risk profile provides an overview of some of the most critical issues that Caribbean-based companies may need to focus on in their attempt not only to manage but to look at what risk-taking or risk-averse decisions are in the best overall interests of the organisation based on existing circumstances.

A comparative analysis was conducted on a sample (N=20) of senior and middle managers from three different sectors in Barbados (manufacturing, financial services, and tourism and hospitality) after the components were identified. Fifteen (15) of these managers have worked in two or more of these sectors within Barbados and across the Caribbean, e.g., Antigua, Jamaica, St Lucia, St Vincent, Grenada and Trinidad. Five managers have worked only in the tourism and hospitality sector. The purpose was to determine the mean score on a scale of 0–4 for each group connected to each of the constructs, using one-way analysis (ANOVA). For example, the score for financial services is 3.35 for fairness and equity, while the mean for that construct among the three sectors of finance, manufacturing, and tourism and hospitality is 3.27. The mean score for organisations in each of the three sectors related to the six constructs is presented in Figure 3.0 and Table 42.

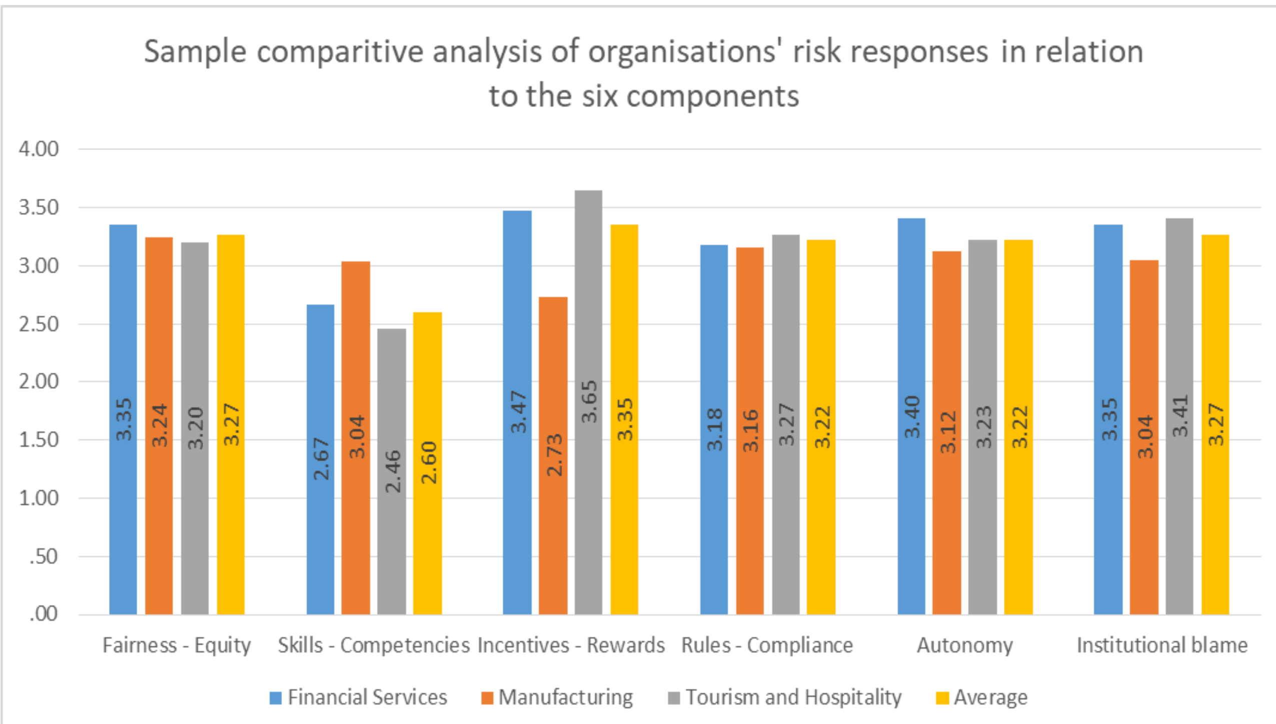
Table 42: *Analysis of sample organisations' risk response*

Component	**Mean**	**Financial Services**	**Manufacturing**	**Tourism & Hospitality**	**Average**
Fairness & Equity	3.2659	3.35	3.24	3.20	3.27
Skills & Competencies	2.6048	2.67	3.04	2.46	2.60
Incentives & Rewards	3.3516	3.47	2.73	3.65	3.35

Rules & Compliance	3.2222	3.18	3.16	3.27	3.22
Autonomy	3.2240	3.40	3.12	3.23	3.22
Institutional Blame	3.2667	3.35	3.04	3.41	3.27

The profile is, therefore, a representation of the sample organisations' overall exposure to identified risks. Risk profiles are intended to help organisations identify and target desired risks based on the organisations' risk appetite, strategic objectives and corporate governance structure.

Figure 3:



6.6.0 Conclusions

a. The variables generated by the previous studies (Chapters 4 and 5) were put through the process of data reduction technique PCA to determine the underlying dimensions of components and their related meaning and explain their linkages and points of divergence from findings in the qualitative Study 2 and published findings.

b. Initially, seven components were retained, and tests of reliability and co-efficiency were conducted on the items under each component to determine levels of internal consistencies of respondents' responses. Based on the test results, one component was dropped because the score fell below the established threshold for related internal consistency.

c. Six risk component factors and their interrelatedness were established. The relative significance of these elements and their subsets were discussed in some detail, and the necessary contrasts made to other similar studies in the respective areas.

d. Skills and competencies, fairness and equity, and incentives and rewards were consistently ranked the most salient components across all demographic groupings, indicating that they have the most impactful influence on organisational risk climate. They could offer an opportunity for organisations to examine their risk culture climate by addressing the issues arising from them.

e. The demographics, except for management levels, revealed no significant differences. In the case of the latter, a significant difference was detected regarding skills and competencies, and this was mainly between junior and senior managers.

f. The findings indicated the relevance of components to respondents based on their work experience; however, some bias could have distorted the results if respondents were unable to disconnect their actual work situation from what they considered their ideal work situation.

g. Follow-up research could build on these findings by examining in greater depth the interrelatedness of the six demographics with regard to prioritising the organisation risk climate variables by using a more significant sample size, for example, to further examine tenure of service and skills and competencies.

The next step in this study will focus on a set of measures that employers could potentially use to profile investment risk culture for their organisations or segments of it (e.g., departments/divisions/functions or countries). The results were ultimately for users to decide whether the profile fit with the kind of culture/behaviour they believed was beneficial to their organisations.

Chapter 7: General discussion and concluding comments

7.0 Introduction

Much has been written by academic and management practitioners about managerial decision-making in relation to risk, and strong academic and business understandings have helped to achieve current understandings. However, while some managers are aware of measures that may be taken to improve risk management in their organisations, there is still some doubt as to the extent of understanding among boards of directors of the diversity of influences on risk decision-making and the array of variables that shape managerial behaviour.

Indeed, one might say that the extent and intricacy of findings are such that there is a risk of creating inaction rather than stimulating intervention by company boards. While informed by established findings, this research aimed to achieve a sharper focus by grounding the approach to inquiry in the perspectives of managers. Specifically, the research focused on the impact of organisational climate on risk decision-making culture among junior, middle, senior, and top managers. The study was impelled by the overarching aims and objectives listed below.

The study aimed to explore and characterise the role of organisational climate on Caribbean managers attitudes and behaviour in relation to risk in financial decision-making. The objectives were as follows:

1. To review published findings in psychology, management and related literature.
2. Explore the factors influencing managerial risk decision-making and the cognitive biases impacting managerial behaviour.
3. Characterise the factor structure of headline influences on managers' risk decision-making and determine their relative importance.
4. Explore the extent to which manager's ratings of the variables impacting risk decision-making and risk climate-setting vary by shared experience /orientation, referenced to a range of headline employment demographics, e.g., by country, sector, gender, and age.
5. Explore the scope for developing an organisational psychometric measure for profiling financial risk decision-making climates.
6. Explore the scope for developing an organisational psychometric measure for profiling organisational risk climates.

The findings are presented in three complementary studies (Chapters 4, 5 and 6).

7.1.0 Summary of findings of Studies 1–3

7.1.1 Study 1: An exploratory questionnaire of managers' perceptions of factors influencing risk in Caribbean work organisations

Study 1 comprised a quantitative exploration of managers' perspectives, and of the influences on risk decision-making and the variables impacting their behaviour. While previous studies have tended to focus on risk management systems, financial products and tighter policy procedures (see, for example, Crawford, De Haan, Runchey, & Ernst & Young, 2008), this study focused on managers' perceptions of and attitudes toward financial/investment risk decision-making in work organisations.

Study 1 aimed to achieve a better understanding of the diversity of influences on risk decision-making and the variables that helped to shape the behaviour of managers under a varied set of circumstances. The study aimed to derive such an understanding from a sample of respondents representing junior, middle, senior, and top managers in a broad cross section of industries in the Caribbean. This exploratory study was designed to characterise managers' perspectives and aimed to provide critical insight into not just why, but how and in what ways, the identified variables impact managers' decision-making behaviour.

The early hypothesis was that there were cultural differences between the various Caribbean countries. An exploratory survey questionnaire based on a list of topics gathered from the initial literature review was devised as an initial foray into managers' attitudes to risk. This quantitative survey data (N=170) was collected mainly through the use of self-administered questionnaires that took the form of a series of statements with answers placed on a four-point agree/disagree scale.

Given the objective of identifying key cultural influences, Study 1 set out to explore cross-cultural differences between the island states with the intention to use the derived insights as the basis for a qualitative study. The sample comprised representatives from a broad cross section of industries in large, medium and small enterprises. The process of analysis consisted of translating the major themes into a set of 33 statements requiring sample respondents to indicate their level of agreement/disagreement using the Likert scale.

After pilot testing, the questionnaire was distributed among a sample of junior, middle, senior, and top managers in small, medium and large organisations in the construction, manufacturing, financial services, oil and drilling, retail and distribution, and tourism and hospitality sectors. The data was collated and, through the use of the SPSS software, was quantitatively analysed (descriptive and data frequencies see Chapter 4). Based on the data analysis, key influences were identified from the salient issues and categorised for more in-depth investigation in Study 2. The analysis conducted on the data gathered in Study 1(Table 4.8, Chapter 4) revealed some significant influences on managerial risk decision-making. These influences provided insight into the sets of circumstances that may or may not influence managers' to risk decision-making. The primary influences arising from the explorative quantitative study to note:

1. Political environment
2. 'My boss' reaction toward me if something goes wrong'
3. Individual perception
4. Economic environment
5. Experience
6. Knowledge
7. Organisational culture and climate.

It appeared from the data that cross-cultural differences, while at the outset hypothesised to be important, were not a primary influence on decision-making under uncertainty but appeared to be more relevant in the execution of decisions to be made. What this means is that the execution of a decision is to a large extent dependent on organisational variables, e.g., leadership style, operating policies and communication effectiveness, and these may not prove adequate to support the efficient execution of decisions. For example, there were no detectable, statistically significant differences in the profile of responses between respondents based on country of origin, with as much or more variability within and between islands (Chapter 4, Table 12). Hence it was concluded that local organisational culture was perhaps a more appropriate focus. Additionally, while this initial foray gave some insight into salient influences on choices in risk decision-making, it offered little insight into why and in what ways these effects were relevant to the decision-maker.

This situation may be the result of historical similarities among the countries of the region and the number of companies having cross-border operations. Inter-island marriages, as well as the integrative role of regional institutions, such as the University of the West Indies, and the popular game of cricket (of which there is one team with its members selected from among the best from the Caribbean countries are other reasons to be offered.

7.1.2.0 Study 2: Focus group discussions to probe deeper into managers' perceptions and experiences of salient risk issues that emerged from Study 1

Focus groups were used to explore managerial perspectives. A thematic analysis was performed with the purpose of identifying a set of finite constructs that impact on managerial orientations to risk. First, the establishment of a focus group protocol to explore the constructs emerged from Study 1. Second, performed thematic analysis on a relatively large sample of managers was derived from six focus groups' insights. The sample comprised representatives from small, medium and large enterprises in three Caribbean islands and a diverse group of junior, middle, senior, and top managers. The breadth of the sample (see Appendix B) is considered the strength of the research and increases confidence in the generalisability of findings.

While the analysis aimed to derive a finite set of core constructs, the remarkable similarity with findings from previous studies (e.g., Marsh & Shapira, 1987) was noticeable in the accounts provided by respondents regarding risk-taking or risk-averse behaviour. It was apparent that there were instances during which specific risks were taken or ignored not because the managers were risk-takers or risk-averse, but because of the then set of circumstances and the organisations' strategic objectives (see participants' comments, Chapter 5.3.1.3). A noted feature of this study was that much of the focus group discussions were heavily focused on identifying variables and behaviour giving rise to risk-seeking or risk aversion, which helped to foster a better understanding of the reasons underlying risk decision-making.

The thematic analysis conducted on the transcripts of the interviews was themed to produce seven constructs, each embodying some characterisations or accounts of phenomena that made the way for a more representative quantitative study (Study 3, Chapter 6).

a. Study 2 showed a set of constructs that were explainable by reference to published findings. No new or unique constructs were identified. The strength of this study has been based on the method of enquiry, i.e., data driven and grounded in managers' accounts.

b. Such diverse sample-generated findings that could be characterised regarding seven constructs afforded an initial signal of the degree of shared perspectives regarding influences on risk decision-making and cognitive biases impacting managerial behaviour.

c. An important feature was that respondents' accounts were dominated by the articulation of the specific influences of risks on decision-making, rather than on the cognitive biases that helped to shape managers' behaviour.

d. The analysis of Study 2 confirmed and refined those themes from Study 1 but also highlighted the fact that these constructs appeared to be interrelated.

7.1.2.1 Main findings

7.1.2.2 Leadership styles

Employees everywhere are exposed to an array of leadership styles under varying circumstances. In this study, the three styles of leadership more commonly viewed appeared to be autocratic/authoritarian, democratic/participative and laissez-faire. There is some evidence that each style appears to provide different types of behaviour from employees/underlings. There is also some evidence that authoritarian leaders' controlling style of leadership are perhaps more suitable in certain circumstances, e.g., when the leader has significantly more knowledge and experience than team members, and when quick and efficient decisions are required. However, based on the accounts of some participants, some authoritarian leaders are not necessarily more knowledgeable and may not be inclined to improve their knowledge (see participant's comment in 5.4.1). This situation can create dysfunctional behaviour among knowledgeable and ambitious underlings and promote blame and indifference or a lack of accountability among team members; such behaviour could sponsor a cautious, risk-averse reaction as in the first case (see participant's comment in 5.4.4.).

Many participants show a preference for and support of the participative/democratic leadership style. This style of leadership encourages team members to participate while retaining the right to make the decision. This approach to leadership has fostered commitment and provided buy-in from team members, permitting joint ownership of necessary changes (see Case 2, participant's comment in 5.4.4).

Participants showed little or no support for the laissez-faire style leadership, primarily because, as Lewin, Lippit and White (1939) stated, highly qualified experts need to be involved for this style to be active. Based on the claim by participants that there is an acute shortage of management skills, one may assume the likelihood of this style of leadership becoming effective is doubtful. It has often been said by scholars that leaders set the tone, and that the tone encourages positive or negative behaviour from underlings, A leader's style can significantly impact the risk climate

and the decision-making process of an organisation in many ways (see 5.5.1).
These and other influences mentioned below, conspire to impact on managerial behaviour in relation to risk. It will require some consideration of the intersect between cognitive insights with contextual influences, e.g., where there is poor or effective managerial leadership the organisation will suffer from visionary, creative and innovative thinking and action, thus affecting the ability of organisation leaders from creating a risk decision making climate that serves the desired interest of the shareholders.

7.1.2.3 **Blame culture**

Blaming appeared to be a known phenomenon in many organisations. The organisations that participated in these studies were certainly not immune in any way to the practice. There is evidence of a strong focus on blame; participants commented on the difficulty it created in the work environment (see 5.4.1.0).

Based on the experiences shared by participants, it has been observed that participants' primary concern is not the blame aimed at individual culpable actions against wrongdoing itself, but more the absence of, or failure to follow, a fair and proven procedure to investigate the causes of mistakes or wrongdoing. Many participants commented on the need for managers to accept responsibility for all actions and take ownership of the consequences that follow. Cohen (2006, p. 126) raised the question of who might have the moral standing to be able to allocate blame. One may find the answer in the second comment (cited in 5.5.2), which alludes to the notion of proportional blame regarding responsibility and accountability.

A salient point to be made is that while some managers may be reluctant to accept blame for an alleged culpable action, this should not be a reason not to have a proper investigation. Such an investigation would not only provide the evidence to support whatever action was deemed necessary but demonstrate the fairness of the process and provide experience to create knowledge from which both the organisation and the culpable manager can learn. With this in place, it becomes possible to determine the levels of responsibility and degrees of accountability involved in the chain of command.

Some respondents indicated that employees may not want to accept responsibility for a colossal mistake (for fear of losing their job or being denied a promotion. It is probable this may not be so if there is a successfully proven process to determine what went wrong instead of who did what that is perceived as transparent and fair. As in many organisations, blame exists in the echelons of business, from the board of directors to the junior manager. In this study, there is evidence that blame exists at all levels in the sampled organisations and appears to be modelled by top and senior executives. One notable observation from a few respondents' comments is that the reported relationship between the senior executives and a few boards seemed to be functionally different from traditional boards/executive relationships, e.g., in North America and Europe (see respondent's comment as cited in 5.3.1.3). From the comments of respondents and the various studies on health and safety, one can conclude that the presence of blame in organisations has the potential to impact employees' creativity and innovation negatively. The presence of blame can also discourage the taking of appropriate risks, instead encouraging inappropriate behaviour and increased risk aversion which then translates into severe pressures on operational and financial performance, threatening the organisation's future.

7.1.2.4 Institutional blame

In this subset, categories include "finding someone to blame," "investment opportunities are lost," "openness is encouraged," "managers do not blame staff," and "looking over their shoulders". These categories speak to the issues of blame perceived to be embedded in the culture of an organisation and the consequential impacts on organisational performance (Chapter 5.3.2.0). This construct is essential to risk decision-making since it has the potential to address and bring together those issues related to the fostering of respect, trust, openness and communication, commitment, and motivation, all of which are essential to managerial readiness for risk decision- making.

Participants in Study 2 touch on some issues related to blame as manifested in organisations, as well as on some of the sociocultural and institutional factors underlying it. Participants in the focus groups express the following views:

a. That organisational culture needs to be modelled by top executives (including board members)
b. That more investment is needed in performance-related systems to establish performance criteria and measurements
c. That standardised assessments should be introduced to promote acceptance of responsibility and accountability among managers within the hierarchical reporting lines.

These are issues that will not only allow for the establishment of clear performance standards but enable consistent performance based on values and aligned culture, modelled by senior and top executives (see Destler, 2014; Schein,2004).

An interesting revelation has been that learning occurs from the blame grounded in the cultural practices of the different hierarchical levels of the organisation (i.e., from members of the board through to executive and middle management personnel). However, such practices often impact the cost of workplace relationships, operational efficiency, and corporate and individual reputations. Such strain can create defensive behaviours, unwillingness to accept responsibility or to be held accountable for one's actions, and less sharing of relevant information crucial to risk decision-making at different levels of organisations. Management's ability to adequately prepare for risk decision-making is therefore jeopardised (see Health and Safety Executive, 2005; Safe Work Australia, 2011).

The study revealed that while blame culture exists at all levels of management, managers in the focus groups expect top and senior managers to create a counter effort against blame and model a behaviour that allows employees to cease the practice of blaming without investigating the causes (see 5.3.2.0). Although, generally, this finding concurs with previous studies, the level of expressed manifestation in the high echelon, e.g., among the board members of some organisations, may raise concerns (see Pettersen, Nyland & Kaarboe, 2012; Davis, Paul 2001).

Another common issue among managers is the lack of appetite on the part of their executives to invest in medium- to long-term projects for fear of any losses, even when there are high probabilities of significant gains in later years. The participant's comment in 5.4.7.4 capture the many comments expressed by participants in the focus group discussions.

Such concerns raise questions as to the reasons for managers to take or not take a particular risk, and about the background against which such behaviour may be (or may not be) in the best interests of the organisation. It also raises the question of how organisations should seek to balance short-term goals with medium and long-term goals (see Donaldson, 1985; Myers & Majluf, 1984; Silverthorne, 2012).

Although managers are divided on the level of openness existing in organisations (as it varies from one organisation to another), there was a consensus among respondents in Study 2 that there is a need for managers to bond more with their employees. This bonding requires using information sharing and having a more open-minded approach to discussing issues of mutual interest to the business and the individuals' career development. A strong bonding between managers and employees has the potential to foster strong support for more openness, which helps to promote confidence, trust and respect, and the timely disclosures of information critical to risk decision-making. It requires, however, managers to focus more on coaching and mentoring employees (Nohria, Groysberg & Lee, 2008).

In relation to having a risk climate that is advantageous to the achievement of an organisation's most desired objectives, it is necessary to consider the intersect between cognitive insights with contextual influences, e.g., where strong focus on blame and recrimination can help us predict how these influences will feed risk aversion, even where the probability of undesired consequences may be low, but availability bias amplifies its salience, which then inhibits preparedness to take or not to take risks.

7.1.2.5 Reward systems

The study found that an incentives and rewards policy can significantly affect the performance of organisations, yet not much focus appeared to be attached to either within the organisations represented in this study, based on respondents' comments (see Chapter 5). Many respondents often commented that while they would have liked to see more incentives available, they did not have the authority to do institute them (see respondents' comments in 5.4.4.0 and Box 4).

Many of the concerns expressed by respondents were about the importance of having a more variable compensation structure and a robust reward programme. The lack of robustness in both areas created challenges that affected managers' ability to gain employees' trust and commitment and contributed to the loss of required skills and competencies in a labour market that is already affected by an acute shortage of skills. However, a poorly conceived and structured incentive programme, as discussed in Chapter 5, has the potential to create perverse behaviour (see Free et al., 2007; Snelgar & Renard, 2013, Empirical study of the reward preferences, Schuster & Kesler, 2012, Aligning reward system in organisations; Condly, Clark & Stolovitch, 2008, Incentives, Motivation and Workplace Performance).

There is evidence (see Chapter 5, Box 4, for perceptions on mixed messages of reward structures) that some of the sampled companies do not place much priority on implementing a balanced incentives and reward programme one from which both employer and employees benefit. Other concerns were advanced about the impact that reward structures have on some of the companies' ability to be more innovative and competitive in the marketplace. The concerns expressed by participants are supported by other research findings (e.g., Kwon, Hewitt & Hein, 2013).

Despite the above, an improperly structured incentive and reward programme can influence managers toward risk averse behaviour where risk taking may be more advantageous to the organisation. These influences have the potential of creating hostility within the workplace environment, thus making it difficult to take risk decisions that support the company's risk appetite or the organisational objectives. Equally, it is important that incentive programmes are properly structured and aligned with the company's risk appetite. Where incentive programmes are not aligned to a company's risk appetite, the outcome may impact the organisation's profit goals.

7.1.2.6 Reputational risk (individual & corporate)

Reputational risk usually refers to the loss resulting from damage to an organisation's reputation, e.g., in lost revenue; increased operating, capital and regulatory costs; or a reduction in shareholder value. These are the outcomes of a potentially criminal case, which could result in public displeasure, even if the organisation is not found guilty of an offence. Many managers commented that the success or failure of their decisions is perceived as one of the factors that often determines their career prospects within and outside the organisation, as well as the company's image, and this factor is always considered top of the mind by respondents when making a decision (see participants' comments at 5.5.3 and elsewhere in Chapter 5, as well as Baker III, 2005).

Some respondents expressed the fear of losing their jobs if perceived as behaving too ethically. A few others expressed the fear of making decisions that may result in industrial disputes or litigation against the company, which has the potential to affect its reputation and image (see participants' comments, Chapters 5.4.1.4 and 6). Here, some participants expressed frustration at working with a set of regulations that are perceived as favourably skewed toward labour.

Although the comments represent a minority of respondents, they are significant in the sense that they highlight the need for businesses to have human resources that are confident and dependable, with the required skills and competencies to minimise reputational risks. Where there is a decline in a company's reputation, the company can experience increased risk, e.g., reduced product quality/service, negative public perceptions and litigation. Likewise, the risk is reduced if public perception of the company's products/services is highly rated. Reputational risk has the potential to impact organisations’ financial future and can be a hindrance to any efforts to innovate and grow. There is little evidence that some of the sampled organisations experienced reputational damage from what might be regarded as flawed corporate decisions (see 5.4.1.3).

7.1.2.7 Managers’ concerns/priorities

Several managers of all grades in the study commented on an array of concerns they are faced with regularly. Perhaps the two areas to stand out for most respondents are how to win employees’ trust and commitment, and a shortage of management skills (see Chapter 5.5.5). Each area of concern has the potential to inhibit risk-taking and also to increase risk-averse behaviour among subordinates.

7.1.2.8 Workplace pressures

All managers are likely to be faced with certain workplace pressures, which can vary depending on the nature and scope of responsibility and authority. The sources of these pressures appear to be from one’s immediate boss, subordinates and peers: while much time is spent taking care of pressure from an immediate boss, they must handle the pressures of the people with whom they manage and interact (see 5.4.6.0).

As implied in the respondents’ comments (5.4.6.0), excessive workplace pressure may lead some managers to become overwhelmed, especially when such pressures are not aligned with individual core competencies. It is, however, recognised that such pressures, however, can have a positive effect on managers if the competencies and interest exist, and the necessary support from colleagues and executive management (as exemplified in the respondent’s account in 5.4.6.0) is in place. The comments capture the views held by many respondents across most industry sectors, primarily in Barbados, Jamaica and Trinidad. The impact of these influences on managerial behaviour in relation to risk decision-making will vary and depends on what balance one can find between those issues that challenges as against those that create unhealthy stress on the mind and body.

7.1.2.9 Resources

Financial and human resources are critical to the operation, growth and success of organisations. From the account of respondents across all industry sectors and supported by Harold Schroeder (2012), financial and human resources are crucial to the achievement of organisational objectives.

From the comments of most of the managers who participated in the study, it appears that much emphasis is placed on short-term investments and loss avoidance, putting a severe strain on medium- to long-term financing projects upon which the future success of the company may rest (see 5.5.7). The respondent’s comment in 5.5.7 is an example of several participants’ accounts of how some organisations were starved of medium- to long-term investment funds.

With regard to human resources, participants revealed that there is a demand for managerial skills that are not necessarily available, something which has adversely affected the quality of leadership in most of the sampled organisations. Several top and senior managerial respondents across industry sectors and in all participating countries have commented on a severe shortage of managerial skills (see respondents’ comments at 5.4.7.1).

Respondents were not saying they are against short-term investments but articulated strongly that there is a need for a balance of short-, medium- and long-term investments to protect the future of their organisations. Not having the required management competencies will prevent an organisation from exploiting business opportunities and setting and maintaining product and service standards. It will also inhibit risk-taking and increase risk-averse behaviour because of a lack of confidence.

7.1.3.0 Study 3: Quantitative study of decision-making in the presence of risk

Study 3 set out to determine the interrelationships of variables derived from Studies 1 and 2 and, through reference to the literature, identify the salient components that impact risk decision-making. The objective was to triangulate findings from Studies 1 and 2 using the arising insights to generate a question set suitable for exploring the statistical relationships between identified variables by reducing them and identifying a smaller set of underlying constructs. A data reduction technique was adopted using the factor analysis statistical technique. A questionnaire set was administered to a sample of managers across six industry sectors. The respondents were asked to rate some statements related to risk-aversion on a five-point Likert scale. These statements were based on the primary themes emerging from Studies 1 and 2. Participating in the survey was a sample (N=154) of top, senior, middle, and junior managers. Based on the 67 variables, factor analysis was used to explore and detect the underlying relationship between the identified variables.

Pre-analysis checks Bartlett's test of sphericity and the Kaiser-Meyer-Olkin (KMO) measure of sampling accuracy and measure of sampling adequacy indicated the data set was suitable for factor extraction using principal components analysis. The outcome of the data reduction resulted in the identification of seven finite constructs (components) that accounted for 64.109% of the total variance. These were identified and labelled as follows: fairness and equity, skills and competencies, incentives and rewards, compliance with rules and procedures, autonomy, perceived personal consequences, and institutional blame. The study identified a set of constructs that related to organisational climate and appeared to shape managers' orientations to risk-taking or risk-averse decision-making.

7.1.3.1 Fairness and equity

This component and its eight constituent items relate to perceived fairness and equitable treatment of the different levels of managers. The component is related to the allocation of resources, the provision of equal opportunity for career advancement within firms, and mechanisms such as legislation and policy procedures to promote employment fairness, and to investigate and resolve issues or disputes that might arise.

Fairness and equity are of vital importance to risk decision-making and can perhaps be considered the most salient issues of organisational life. Fairness and equity relate to issues of trust, consistency, blame, the perceived consequences of 'getting it wrong', and accountability (Vermeulen & Coetzee, 2006; Taxman & Gordon, 2009). Trust is an essential element to the building and maintenance of effective teams within organisations. Trust among organisational members provides a sense of security and care toward well-being. If team members perceive themselves to be safe in working alongside each other, they are more inclined to have open communication and the confidence to take necessary risks and expose vulnerabilities (Levine, 1999).

If there is little or no trust among organisational members (managers and employees), innovation, collaboration, creative thinking, and risk decision-making will be adversely affected. Organisational members will focus on protecting themselves and their interests instead of helping the group to make risk decisions that are favourable to achieving the collective goals of the organisation. Studies have found that perceptions of fairness are connected to trust in management and organisations (Ambrose & Schminke, 2003; Cohen-Charash & Spector, 2001). Employees' perceptions of organisational trustworthiness partially mediate the relationships between managerial practices and procedural justice with trust and are essential to the managerial risk decision-making process.

If a climate of trust does not exist in an organisation, consistency in employees' performance and behaviour is not likely to be achieved (Colquitt & Rodell, 2011). Consistency generates trust as well as lays the foundation for managerial readiness to be involved in risk decision-making.

With regard to equity, Adams' (1965) theory suggests that if employees have taken actions, they expect to satisfy specific needs, they will evaluate the fairness of the outcome. The likely outcomes are that employees may feel that they are equitably rewarded or under-rewarded. In the case of the latter, employees will probably take measures to reduce the perceived inequity (Colquitt et al., 2001). Such actions (e.g., staff turnover, chronic absenteeism, litigation, withdrawal and even theft) are likely to lead to risk-taking decisions that are not in the overall best interests of the organisation (Greenberg, 1990; Jones, 1998) and are referred to as counterproductive work behaviours (CWB).

The question that is often raised is 'What is fair compensation?' There is objective fairness and perceived compensation fairness. Objective fairness occurs when an independent person (e.g., consultant) who is not affected by compensation decisions assesses a compensation programme as fair, in relation to the skills required and the job functions relative to similar jobs within or outside the organisation (e.g., accounting clerks). Perceived fairness speaks to whether an individual employee assesses his/her compensation as fair. The procedure used to determine levels of compensation is critical to objective and perceived equity and is often based on the transparency and level of trust attached to such procedures. Aquino (1995) suggest that unfair pay procedures contribute to a reduction in cooperative behaviours. Lawler (1971) suggests that managers consider their compensation as justifiable when it is comparable to their input compared to other managers in their social context.

Fairness relates to blame, issues of accountability, and personal consequences of 'getting it wrong'. If a manager makes a decision, and the results are not as expected (i.e., negative), and he/she is blamed personally without an analysis of what may have contributed to the unexpected results, the individual may be less committed to taking future risks. This action may arise from the fear of 'getting it wrong' and risking possible damage to career prospects within the organisation. It is possible that a procedure may be in place, but employees have no trust in it because they perceive it as being subjective and unfairly applied. However, if the established procedure is viewed as objective and fair, an employee who makes decisions that return unexpected negative results will not only accept responsibility but the outcome of the inquiry, even if it finds the employee culpable of wrongdoing (see participant's comment in Chapter 5).

Such a notion arises from the knowledge and experience that the application of a trusted procedure will not only be fair but will be consistently applied across the organisation to all members. In this scenario, all employees, irrespective of their level of seniority, are equally responsible for contributing to the success of the organisation. It is therefore crucial that all employees share accountability. The presence of a regime of accountability may cause employees to prefer more cautious, less risky choice alternatives (Weigold & Schlenker, 1991). Yet where a climate of fairness, trust, equitability, and consistency exists, many respondents appear inclined (see quotes from respondents in 5.4.1.6 and 5.4.2.0) to accept responsibility and whatever subsequent actions that follow.

7.1.3.2 Skills and competencies

The knowledge and skills that managers require to carry out their assigned tasks are essential to determining managerial readiness toward risk decision-making. However, the effectiveness of managerial performance is linked to the environment of the organisation. According to Boyatzis' efficient job performance model (1982), if any one or two of three critical elements (organisational environment, job demands and individual competencies) is not aligned, the outcome will be ineffective behaviour.

One of the main benefits that organisations can derive from this component is the degree of preparedness for managerial risk decision-making, which is not possible without the competencies of managers. Developing employees' competencies through training and motivation leads to more risk decision-making toward achieving organisational objectives. The more employees are knowledgeable, skilled and experienced, the more capable and prepared they will be to perform and take financial investment/operational and reputational risks, once the relevant support is in place.

Skills and competencies are further broken down into the categories of knowledge, technical experience. This component is related to the ability to make sound decisions, human capital development, and training and recruitment strategies. The way managers organise their tasks and behave in varied situations, as well as how effectively and efficiently they perform their job activities, will demonstrate the level of organisational competencies and the concerns they show for each employee under their watch. Boyatzis' model of efficient job performance refers to linkages between competencies and job performance (1982, p. 13).

Managers are expected to manage their related tasks efficiently to give the expected results by engaging in risk decision-making that are within their competence. Management is supposed to be concerned about whether or not team members are delivering the expected results. To produce efficient results, managers must make some risky decisions that related to individual assignments (e.g., operational or financial). Since the objective is to provide results, managers can perform their tasks in more creative ways based on individual skills, knowledge and experience (Zarina, 2009).

Many managers are required to make difficult decisions routinely as part of their job function; sometimes, these decisions are made under intense pressure. Accordingly, organisations should be confident those they recruit can take the initiative when required and make the right risk decisions in crucial situations (Becker, Huselid & Ulrich, 2001). Researchers found that many organisations, when recruiting new managers (internally or externally), place more emphasis on knowledge, technical skills and experience (Zarina, 2009; Young & Dulewicz, 2009; Koman & Wolff, 2008). It appears from these studies that some priority should be placed on investigating aspects of behavioural skills, such as interpersonal management skills and emotional competency skills. According to Dreyfus' (2008) study, highly efficient managers exhibit better interpersonal relationships compared to other managers. He underscores the importance of social and emotional competencies as critical components to ensuring effective communication and more employee engagement in the risk decision-making process (Alsabbah & Ibrahim, 2011).

With regard to organisational recruitment strategies, a more purposeful approach is needed to determine the human capital risks and their impact on operational and financial results, as well as to determine opportunities created by risks. It is the view of human resource researchers that recruitment strategy is more than identifying recruits to fill vacancies. Becker, Huselid and Ulrich (2001) suggested that an all-inclusive and proper appraisal of recruitment strategy aimed at analysing how an organisation-wide alignment with other HR practices (e.g., compensation, performance assessment) may generate excellent results all-round (see also Njuguna, Mokaya & Mukhweso, 2015). Training and development are systemic to improving the knowledge, skills and attitudes required by managers to perform efficiently and to be better prepared for risk decision-making situations (Kulkarni, 2013).

One way to ensure this is part of organisational reality is to have a strategy to assess performance and determine gaps making sure that training is focused where the need exists (Tannenbaum & Yukl, 1992). Training must be viewed as a follow-up action to objective performance assessment and succession planning, that provides new or advanced knowledge and skills to help improve managerial risk decision-making skills, especially in certain situations. Training and development can also address issues of skills shortage and succession planning.

7.1.3.3 Incentives and rewards

a. Incentives

An incentive can provide a reason for a manager to select a particular course of action. Different organisations may vary the incentive systems upon which they rely in developing their objectives or projects. There are various incentive schemes, but for this study, two general types are considered: remunerative and normative incentives.

The remunerative incentive is essentially, inducing an individual to greater action for additional material reward (e.g., pay increase, profit share, bonuses, or stock options) he would not otherwise receive. A manager's normative incentive is to adhere to an organisation's policy procedures, and to what has been taught and is believed to be the 'proper' or 'right' thing to do. If the manager behaves as his top or senior manager expects him/her to, he/she may expect admiration and relish an enhanced sense of acceptance or self-esteem. If, on the other hand, the manager misbehaves, he/she may expect verbal expressions of condemnation, scorn, ridicule, or even ostracism (see participants' comments in 5.4.3.1). This may lead to feelings of guilt, shame or self-condemnation (Bailey & Kinerson, 2005). From the accounts of participants (focus groups, Chapter 5), the sample of organisations appear to rely on remunerative and normative incentives in preference to other forms of incentives, such as cohesive. Remunerative incentives may be given with immediate effect, e.g., a cash incentive for achieving individual sales targets for the week or month. They may be related to a period necessitating delayed action, e.g., a share of profit on reaching or surpassing the required rate of return on investments (ROI). Whatever the method, the effect may be different. In the latter case, the incentive would be ascertained at the close of the financial period (say, quarterly, half-yearly or annually). Incentives may be ascribed to groups: in the case of productivity incentive, gain/sharing plans for attaining individually assigned targets or for the role played in the success of projects. The effectiveness of remunerative incentives is sometimes dependent on whether the beneficiaries are satisfied with the frequency and value of the pay-outs, or, in other words, whether the recipients perceive the incentive to be meaningful. Where the incentive is viewed as having little or no value, the incentive may become a source of disincentive and fuel the risk of discontent or perverse behaviour (Jensen & Murphy, 1990).

As much as financial incentives can work to the advantage of organisations, they can also serve to promote individual or group misconduct that may be counter to the primary objectives of the organisation, as in the case of the subprime mortgage loan practices seen during the banking crisis of 2008 (Claessens, Ayhan Kose, Laeven & Valencia, 2013).

b. **Rewards:** The study found that many companies did not have a strong focus on reward systems, which raises questions about the equitable treatment of employees, and the extent that this may contribute to a lack of commitment or employee discontent. Another key finding was that there is, in some instances in the organisations involved in the studies, only a limited recognition programme; in other cases, recognition programmes are non-existent. Rewards and incentives are necessary because managers need to be acknowledged and appreciated for their efforts. Appreciating managers for their efforts by providing them with incentives is a significant step toward encouraging job satisfaction. Beyond this point, managers' skills alone are not enough to achieve high levels of competency or encourage risk-taking activities (Benabou & Tirole, 2003).

'Reward system and strategy' and 'incentive plan and structure' are terminologies used in the literature to explain the plans organisations use to influence the behaviour of employees (Kerr, 1995; Rubenfeld & David, 2006). Rewards are ways of promoting individual and group behaviour needed to achieve organisational strategies (Lawler, 1995; Kerr & Slocum, 2005). This assertion builds on previous research advocating that reward systems influence a company's strategy implementation by:

a. Attracting and retaining employees

b. Motivating performance
c. Promoting skills and knowledge development
d. Shaping corporate culture
e. Reinforcing and defining corporate structure
f. Determining pay costs.

Similar to rewards, incentives the organisation offers to its employees will influence the behaviour of individuals within the organisation. Baker, Jensen and Murphy (1988) found that rewards and incentives are classified as cash or non-cash for achieving specific targets or goals over a defined period. An incentive can be derived from within the organisation or through external influences. An externally influenced incentive is identified by Locke (1968) 'as a possible event or something external to the individual who can incite action.' With regard to the total rewards concept, Kaplan (2005) defined the reward system as everything managers value in their employment relationship.

In Study 2, attempts were made through the focus groups to understand what managers see as influencing and rewarding what they observe in their working situation, as well as why they were attracted to and remain with their organisation. One interesting finding was that a majority of managers agree the most important reward for them is to be acknowledged when they have achieved the expected results or surpassed expectations. They argue that once that is done, they expect to be appropriately rewarded for such efforts, monetarily or otherwise. They also posit that the challenges and flexibility inherent in their jobs to take initiatives are quite motivating for them. They argue that the absence of these features would be reasons for wanting to leave their companies (5. 3.4.0, Box 4). In total, organisational rewards have been grouped into four different categories (Kaplan, 2005):

a. Compensation: includes salary, bonus programmes and equity programmes
b. Benefits: encompass health and welfare as well as other advantage programmes, such as membership in fitness centres
c. Development: relates to programmes and measures connected to learning, skill development and personal growth
d. Work Environment: includes both tangible and intangible rewards promoting a positive working environment, e.g., flexible work time and recognition and job design.

The rewards identified in Study 1, in the focus group interviews (Study 2) and in the literature review are intrinsic and extrinsic. Intrinsic rewards are those rewards related to the job itself (for instance, exciting and engaging work), while extrinsic rewards are quantifiable (such as wages or a share of the profits) (Hertzberg, 1987). Improving on previously developed reward structures, Chen, Ford and Farris (1999) in their study look at how different reward types benefit organisations. The types of reward used in their study are autonomy and responsibility; collective rewards (profit-sharing and health insurance); variable (individual) performance rewards (such as cash bonuses); fixed (individual) rewards; wage/salary increases; as well as other awards—for instance, the recognition of tenure and service. These represent extrinsic rewards (see Njanja, Maina, Kibet & Njagi, 2013). The rewards and incentives cited by respondents as present in their organisations are represented below in Table 41.

Table 41: *Rewards and incentives cited by respondents in sampled organisations*

Reward Category	Type of Rewards	Incentives
Company related	Work that is challenging and flexible	Performance measurements and review system
	Fixed salary, variable pay, stocks/shares	Bonus/profit-sharing system, internal awards benefits and health insurance
	Recognition, feedback and promotion	Training and development programmes
Related to social relationships	Great public relations, good working climate	Managers' social relationships

The concerns about and suggestions for rewards and incentives by managers in Chapter 5.4.0 (Box 4) are that:

a. The incentives, where they exist, need to be revised and made more attractive and purposeful to generate enthusiasm among employees. Where there is no incentive, it should be introduced with an opportunity for managers to have an input.
b. The reward system, though it was designed to motivate staff, is serving the opposite purpose.
c. Some company boards do not appear to have any appetite for incentives and require a different approach to reward schemes, such as stock options, profit-sharing bonuses, and gainsharing (see 5.4.4.0).

Managers highlight the need not only to be rewarded, but to be recognised for their contributions to the growth and development of their companies in a manner that will make them feel a part of the organisation, rather than merely workers within it (Chapter 5.3.4.1). This statement concurs with the findings of Velnampy (2009) in Rewards and Employee Motivation (A Study of Private Sector Organisations in Sri Lanka).

Drawing on the literature review (Chapter 2), a reward and incentive system encourages individual actions. Both concepts may lead to a reward in some form, the most apparent being monetary compensation, increased responsibility or having the freedom to take necessary initiatives. There is an acknowledgement from some managers that both cash and non-cash incentives are useful but may produce a different kind of result for some people. Some managers pointed to the need for a *quid pro quo* arrangement one in which the employee and the company have satisfactory gains from each other's effort (Chapter 5.3.4.3, Box 6).

7.1.3.4 Compliance with rules and procedures

Organisations need to have standards of conduct and internal controls capable of minimising perverse or improper conduct among its members. The basis of such checks should be a set of procedures or code of conduct. The procedures should address practically the compliance risks that are relevant to the organisation. It should determine who is responsible for ensuring adherence and provide overall guidance on the behaviour expected of all employees.

The procedures must identify clear channels for reporting misconduct or violations and make explicit what disciplinary action will result if an employee commits a breach or violation of proceedings. Additionally, organisations need to develop specific policies and procedures to provide clear and detailed guidance on the approach they require their employees to follow or avoid in their business relationships. For example, policies and procedures should address any legal and regulatory risks relevant to the organisations' business, such as conflicts of interest and corruption. The procedures, of course, may vary depending on the type of industry (see Sanelli 2015).

Compliance plays a significant role in risk decision-making In a most fundamental sense, compliance is a process that is meant to reasonably ensure that an organisation and its employees are respecting all applicable laws, rules and procedures; codes of ethical conduct; policies; and standards of good practice. However, as Tyler and Blader (2003) point out, employees' moral values strongly influence employees' rule-following and policy adherence.

Notwithstanding the need for written procedures, managers' own ethical values can be applied to shape their behaviour in the absence of written organisational rules or policies (see respondents' comments in 5.4.3.1). It is essential to look beyond written policies and procedures to focus on those factors that influence managers' conduct to avoid unethical behaviours threatening the organisation. This practice requires the establishment of a programme of compliance culture, one that aligns managers' ethical values with those of the organisation. Of course, a manager applying ethical behaviour that is more aligned with those of the organisation is likely to lower the risks of his decision-making compared to a manager whose values promote individual perverse behaviours that increase the risk to the overall organisation (see Tyler & Blader, 2003).

Some managers in Study 2 advance the view that their holding companies do not have a policy of outlining, for example, investment limits placed on general managers of subsidiary companies. They argue that without knowing their limit, they will never find out when they have achieved or surpassed it, unless something catastrophic happens In such circumstances, managers' ethical values, once aligned with those of their organisations, can be applied to shape their behaviour in a non-threatening manner. If there is no alignment between organisations' and managers' ethical values, the organisations may be endangered.

Human resources (HR) compliance is fundamental to the success of organisations. However, achieving and maintaining compliance is sometimes elusive, particularly for those who do not recognise the risk and do not develop an effective strategy to enforce compliance (see Dvorak & Kruse, 2016). HR compliance needs to be seen and treated as a process to define individual and group behaviours to ensure the organisation's policies and procedures are followed. Once the policies are established, they must be effectively communicated throughout the organisation. A lack of compliance can be the basis for financial and reputational risks for organisations. As part of the overall strategy, there should be scheduled HR audits to detect any breaches and avoid future liabilities.

It is imperative to have rules that are clear and apply to the common good of the organisation. Some rules in work organisations can be used as a means of self-protection by more senior managers and corporately by the organisation as a mechanism to punish employees when things go wrong, e.g., when a deal goes out or an investment is going bad. It is also not uncommon to find companies/senior managers turning a blind eye to rule infringements by their employees, sometimes on a routine basis, provided the results expected are considered to be good. Under such circumstances, customs and practices that characterise culture may be significantly out of step with the rule book. Incidentally, one of the defence strategies adopted by those managers worried about being blamed for misdemeanours on the part of their staff is to create increasingly detailed rules and procedures (Shore 2008). Another strategy exhibited by managers is to carry on with rules considered redundant, leading some author to conclude that too many rules and too much bureaucracy can stifle innovation and foster excessive risk aversion (Shore 2008).

7.1.3.5 Autonomy

Autonomy is about discretion power and the extent to which a manager or group of managers can decide about matters they consider necessary. By extension, the level of organisational autonomy is determined by the scope and the extent of the company's decision-making competencies. When managers have some decision-making competencies delegated from the board concerning the choice and use of inputs, then they have some degree of managerial autonomy. This situation implies that company boards are exempted from specific rules and procedures concerning input management. A company can have managerial autonomy over financial management (e.g., shifting budgets between line items or over the years), human resource management (e.g., the selection of employees) or the administration of other production factors (such as logistics, organisation and housing).

Job autonomy is necessary from some perspectives. It provides managers with some control over how work is carried out or scheduled and the degree to which performance standards may be altered. Job autonomy is about how much freedom the manager has, which is often a feature of tenure of service and commitment. Studies have shown that employees with some freedom over their job functions are more committed to the organisation and feel comfortable to stay, thereby reducing turnover costs (see Morgeson, Delaney-Klinger & Hemingway, 2005).

Employee commitment, at its best, creates unity and ensures that employees are consistently working toward a common goal. Motivation, on the other hand, inspires action among employees and encourages them to individually and collectively participate in proactive goal setting. For many managers, autonomy boosts performance; productivity and individual well-being (see related participants' comments in 5.4.2.0 and 5.4.6.0). These comments also concur with research findings by Morgeson and Delaney-Klinger (2005). However, the scope of autonomous decision-making capacity may vary because of the structuring of company processes and the policies themselves. In contrast to managerial autonomy, the level of policy autonomy of an organisation indicates the extent to which the company itself can make decisions about:

a. The (sub)processes and procedures it must conduct to produce the externally prescribed goods or services
b. The policy instruments used to implement the externally set policy, and the quantity and quality of the goods or services to be produced
c. The target groups and societal objectives and outcomes to be reached by the policy. This is in order of higher level of autonomy, particularly in holding companies with many subsidiaries.

Policy autonomy indicates, for instance, that managers may make decisions on individual cases within internally and externally set regulations and laws (e.g., the recruitment of staff according to internal policies, as well as national and regional legislation for those companies operating across borders). It was observed in this study that some managers are indecisive at times or take a long time to make certain decisions. Such practices are not only related to middle and senior managers but are sometimes linked to boards (5.4.6.1 and Box 7). As the literature points out in Chapter 2, the absence of specific competencies can give rise to one not being able to exercise the autonomy required. Sometimes, failure to act decisively raises the question of whether a person has the ability or capability to exercise the level of judgement required to act autonomously (see respondents' comments in Box 7).

In Chapters 5.4.5.4 and 5.4.7.1, the observation is made that there is a noticeable shortage of certain management skills that impact the efficient use of autonomy within companies. On the opposite end, it has been observed that some managers welcome the opportunity to use the power of discretion to make decisions that benefit their companies (see respondent's comment in 5.4.3.2). One interesting observation made in Chapter 5.4.1.6 points to a manager having the responsibility and authority to make a decision; mention is also made of putting everything together to achieve a positive result, even though the possibility exists that the boss is likely to overrule a decision not on a policy issue but a change in strategy. The following quote represents a minority of respondents' comments on their experiences of the board of directors' reversal of a strategic investment decision:

> I have experienced companies in Jamaica and Trinidad, where some operational

> decisions did not find favour with the Board even though the board previously agreed with the concept and strategies. For example, we worked hard at the operational level to forge a merger with one of our competitors. When we finally made the breakthrough, our Board decided against it because it was too costly. We worked the figures using different scenarios, and they were looking impressive with an annual rate of return of 22% after three years. The Board was not convinced that they should make the investment that would accumulate two years of debt, despite agreeing that it would be a good strategic move that could serve us well in the next 3-5 years. Six months later a new player bought the company and introduced different marketing strategies and operational changes. Nine months after our sales dropped significantly and we eventually moved from a profitable company to small break even with the little potential for improvements. (General manager)

The above quotation provides an example of a decision made from an approach varying between emotion and reason. Decision-making is a cognitive process in which the outcome is a choice between the alternatives of thinking and feeling. If the analysis provided in the quotation is correct, then the results of the board's decision can be considered emotional, bringing tremendous financial risk and reputational damage to the organisation. The quotation brings into question the extent of the board's involvement in executive management decisions within the policy framework, as well as the composition of the board along the lines of the required competencies to understand and make appropriate decisions (see Useem, 2006; Wittenberg & McDowell, 2007. It appeared from respondents' shared experiences, articulated in Chapter 5, that some company boards could benefit from a review of the process of decision-making between the board and executive management.

7.1.4.0 Exploring the scope for constructing a measure of risk decision-making culture

7.1.4.1 Introduction

It is widely accepted that risk exists in every organisation in an array of contexts and manifestations, but the focus of this study is on how the social and organisational context impacts on decision-making in the presence of risk. It follows that identifying the types of risk and gauging their effects on the performance of companies should be the first two steps toward managing risk within organisations. The results of the three studies (Chapters 4, 5 and 6) have culminated in the identification of six constructs arising from the experiences and views of managers regarding variables that impact on managerial orientations to risk. The purpose of this section was to develop the identified factors into a set of construct scales, with the objective of determining the scope for the development of a measure of risk decision-making culture. Such measure might be used by organisations to profile themselves/different segments of their organisations to inform corporate decisions or indicate the need for intervention, e.g., where there is a belief that managerial decision-making is too risk-averse or reckless.

The risk profile comprised the six component factors, which examined the areas of most significant impact, the type of risks, the risk probability (as exemplified by the results in Table 41 and Figure 3), and the potential effects of the risks on organisational performance.

Since no single manager has the competencies to perform risk management across diverse functions, it is imperative to know all the areas of impact within the organisation for the proper coordination and practical application of the risk profile of the organisation (Kaplan & Mikes, 2012). The results of the analysis of the sampled organisations shown in Figure 3 might be used as a benchmark for organisations in different sectors. The pattern that has emerged from the ANOVA and t-tests has shown that respondents' responses to the six components represent strong influences on the decision-making climate embodying risk in organisations, and is rated high, moderate or low on the scale of 0-4.

Following precedents from other risk management domains, the capacity of an employer to profile provides learning and insight into aspects of those areas (e.g., risk measuring of investment culture) that will require intervention (e.g., cultural change; see Health and Safety Executive, 2017). The risk profile in Table 43 can be used by employers to help determine whether the profile fits with the kind of risk culture or reshaping of behaviour they desire within their organisation. The use of employee surveys or focus groups can be used to explore further existing and potential risks in the areas identified. This approach will allow the organisation to locally define and develop its ideal profile.

Table 43: *Organisation risk profile based on the six components*

Components	**Areas of Impact**	**Types of Risk**	**Risk Level**	**Potential Effects**
Fairness & Equity	Finance/HR/Op	Morale, trust, commitment and loyalty	High	Inequity and inconsistency exist. Not having a sense of belonging, inappropriate behaviour. Low level of efficiency resulting in a decline in revenues.
Skills & Competencies	HR/Finance/Op	Skills, knowledge, interpersonal and emotional	High/moderate	Negative impact on organisational growth. Negative impact on risk decision-making process. Lack of creativity and innovation.
Incentives &Rewards	HR/Finance/Op	Attracting and retaining talented employees, turnover costs	High/moderate	Compensation, incentive and rewards schemes are not aligned with the risk profile or appetite. Not having the appropriate level of incentives required to attract and retain the necessary talent. Internal controls not in place to mitigate excessive risk- taking.
Autonomy	Governance, control systems and risk parameters	The scope of autonomous decision-making capacity, discretion to act autonomously	Moderate	Having little or no control over how work is carried out, scheduled or performed. The absence of competencies to exercise the level of discretion required
Compliance with Rules & Procedures	HR/Governance /Op	Internal and external fraud, employment practices and workplace safety, fiduciary breaches, bureaucratic rules and regulations	High	Weak internal operational risk culture. The inadequate monitoring of policy procedures and internal reporting. Poor corporate governance.
Institutional Blame	Operations, Finance/ External Stakeholders (e.g., customers, creditors and bankers)	Product failures, negative publicity, inappropriate employee behaviour individual blame	High	Experiencing potential loss of the company's reputation or standing in the community. Loss of revenues. Difficulty in hiring professionally trained and talented skills. Business interruption and litigations. Risk management skills and knowledge not valued, encouraged or developed.

7.2.0 Reflections on method threats to data quality

7.2.1 Study 1

The exploratory quantitative survey was decided on because it was an excellent place to begin to gather a comprehensive set of data that can be used to develop a more informed and focused qualitative survey instrument. This approach has the potential to minimise attribution biases and to determine more incisive questions based on the actual data rather than guesses.

The initial concern regarding data quality for the study to follow was about obtaining enough strong response sets. Participants were recruited through a variety of means, e.g., business associates in the various industry sectors, professional business groups, trade organisations. Although a higher number of respondents would have been desirable, to support a more sophisticated multivariate analysis, the achieved sample (N=170) was sufficient to support formal testing of essential variances and permitted a degree of testing rarely seen with other risk and cognitive studies.

This approach facilitated the opportunity to build a relationship with organisations, which were expected to provide continual voluntary support for all three required studies. The decision to use statements designed to elicit ascended responses in agree/disagree format reflected precedents in attitude measurement (Oppenheim, 1992). Importantly, regarding the study objectives, Likert-type scales are well-matched to produce data suitable for factor analysis, in which the goal is to find a finite number of constructs that epitomise respondents' viewpoints.

In recognition of these issues, the adoption of a quantitative approach in the early stages of this study was purposive and is considered reliable in methodological terms, mainly when considered in the context of adopting a combined methods approach. This element of the study is considered fundamental to realising the objective of achieving a core focus on managers' perspectives, i.e., a sharper focus on influences on risk-seeking or risk-averse decision-making than that afforded by the amassed research findings on risk management systems and products.

Study 1 provided not only the initial and specific insights but also the basis for the deeper exploration of variables in the focus groups in Study 2 which supported a more probing approach.

7.2.2 Study 2

The focus groups supported deeper and more organic engagement with the subject matter. A principal concern in the use of focus group interview techniques is to ensure that the right people are in the room, e.g., members of a similar job status and with similar concerns. Another concern was that discussion can be inhibited if participants perceive that confidentiality may be threatened. These potential issues were addressed by ensuring that focus group members were of a similar job type/status in each group. Additionally, it was essential to try to take account of selection bias or dominance by any participant. To address this issue, the researcher asked each organisation to ensure that invited participants were aware that engagement in the discussions was voluntary. The moderator further reinforced this message at the beginning of each focus group discussion, when participants were informed that it was their right to choose to participate in the discussions and to leave at any point should they want to do so.

All participants participated and stayed to the end. Krueger (1994) and Morgan (1997) warned of the perils of emphasising reward or compensation for focus group participation, which may attract what market researchers refer to as 'focus groupies'—those who enjoy participating in the discussion and may not represent the views of the wider organisation. Therefore, Study 2's participants were included on a volunteer basis only, as were those for Study 1.

One of the limits to engaging focus groups in more than three of the six islands surveyed was the high cost of travel between islands. This was somehow ameliorated by the fact that some of the groups' participants had persons with cross-border knowledge and experience of those islands not directly represented. While one must always strive to keep the data collected as bias-free as possible, it is universally known that it is not always possible.

7.2.3 Study 3

Survey was selected as the basis for this final study because it offered the potential to explore and detect the underlying relationship between the identified variables. A central objective was the identification of a finite set of constructs that characterise cultural influences on risk decision-making. A structured questionnaire was administered to a sample of managers across industry sectors. The respondents were asked to rate a battery statements on a five-point Likert scale on risk aversion, investment/resource/capital and operation decisions. A structured questionnaire was administered to some managers across industry sectors. The respondents were asked to rate some statements on a five-point Likert scale on risk aversion.

A notable strength of PCA is its ability to allow the implementation of optimal ways of combining variables into a small number of subsets in a simple structure. According to Thurnstone (1947), one way to adequately select a rotation method was to be assured that the results achieved simple structure. Bryant and Yarnold (1955) defined the simple structure as a condition in which variables load at near one (in absolute value) or near zero on an eigenvector (factor). Variables that load near one are crucial in the interpretation of the factor, and variables that load near zero are apparently unimportant. The simple structure simplifies the task of interpreting the factors. In examining Thurnstone's (1947) five criteria that needed to be met for a simple structure to be achieved, the conclusion was that the PCA provided a simple structure.

With regard to sample size (N=155), Study 3 presented some concerns related to gaining adequate responses to conduct a meaningful analysis and establishing the reliability of factors analysis (Field 2005a, b). The data screening was reported (e.g., checking SDs, skew and kurtosis, missing items and outliers). The data was then exposed to the KMO measure, which recorded a value of 0.276 (less than the required <0.30). This value was due to the relatively small ratio of questions to respondents (67 questions to 155 respondents). This situation provided two options: to double the sample size or to reduce the number of issues. The most practical option—to decrease the number of variables—was selected, creating a new challenge of selecting a set of criteria that would allow for the efficient removal/deletion of the appropriate data sets.

The approach to sampling mirrored that adopted in Study 1. A more significant sample size would have increased both the sample power and confidence in the generalisability of the results. The PCA saw the initial 67 items reduced to 36, representing seven coherent, nameable components. The output of the factor analysis allowed for a degree of triangulation with Study 1, and increased confidence in the second qualitative findings of the research for a more focused, more diverse investigation, demonstrating the strength of the mixed methods approach.

Seven main constructs emerged, and the items under each were subjected to the Cronbach alpha test of reliability coefficient. The results showed a mix of high, moderate and low responses to the influences on organisational risk climate.

7.2.4 Contribution to knowledge and practice

1. The findings of this research add to established knowledge of and contemporary perspectives on the influences on risk climate, the normative/conformity effects of risk decision-making, and managers' risk-taking and risk-averse attitudes. The research presented here sought to

characterise managers' perspectives on variables impacting decision making involving risk; this was achieved through Study 1, which took an exploratory quantitative approach to exploring managers' perspectives. The large sample gained from the variety of organisations who participated in Study 1 added credence to the findings.

2. The study achieves a progressively sharper focus on influences on risk climate in decision-making, and on the attitudes of managers, through the grounded approach to managers' perspectives that was applied. Study 1's findings were then used as the basis for the development of a measure of variables to triangulate further and characterise the structure of these critical influences on risk in decision-making and on the shaping of managerial behaviour. As a result, this is the first known mixed methods study of the influences on risk decision-making climate in organisations operating or doing business in the Commonwealth Caribbean using a broad and diverse sample. While there have been previous mixed methods studies (e.g., Bettencourt & Brown, 2003), these are few and tend to focus on a single component or a limited subset of risk involving, for example, financial organisations and risk management consultants.

3. The extent to which employee ratings of variables impacting on decision-making varied was examined via the exploration of themes from Study 1's data. The study explored a wide range of demographics across industry sectors and national borders, rather than looking at a specific component related to a specific demographic (e.g., Markham et al. 2010; Owens, 2006; Somers, 2010). Studies 1 and 2 produced insights that show potential for the development of a reliable risk culture measuring profile that permits the profiling of those attributes considered necessary to determine whether or not a risk should be taken to achieve companies' short-, medium- or long-term objectives. A fully developed measure of this type would enable top executives to assess any necessary changes, given the different scenarios. Approaching risk decision-making in this way enables the hierarchy of organisations to better understand the many influences on risk climate and the cognitive attitide that help to shape managerial behaviour. This approach allows for a better appreciation of those reasons factored into the decisions made.

4. Study 3 represents the first known robust systematic study of the relative salience of widely identified constructs (components) of managerial risk behaviour in decision-making and the formal testing of the interrelationships. This study further demonstrates that the

constructs identified (and, by implication, in other research where these have been identified) are meaningful to managers. They can bring about a better understanding of the influences on risk climate, of the normative/conformity effects of decision-making, and of attitudes that help to shape managerial behaviour.

5. The insight into the extent to which managerial behaviour and the relative salience of variables impact risk decision-making, and the extent to which cognitive biases appear to impact this, provides valuable insight into the degree to which interventions might foster a better understanding of the reasons for the decisions made. Knowing the circumstances under which a manager may choose to take or not take risk helps to improve levels of understanding as to how far-reaching interventions might affect changes, ensuring that such decisions work to the benefit of the organisation.

6. The findings related to the influences on risk climate and the normative/conformity effects of decision-making provide further insights into the interrelated variables of risk-taking and risk-averse attributes. The six components of Study 3 represent a significant contribution, signalling to organisations which components and subsets they should address as a priority. Instinctively, fairness and equity, and competencies and skills, will perhaps have the most far-reaching impact throughout an organisation and may result in managers having stronger commitment and loyalty to approach decision-making in a situation of risk with more confidence.

7. The impetus for this research was to focus on those components most salient to managers, with the aims of enabling organisations to develop a better understanding and a more precise perspective on which components would have the most significant impact on influencing risk-taking or risk-averse behaviour. While greater insight and potential benefits may be achieved through a more holistic approach to risk-taking or risk-averse behaviour, there is the question of the degree to which organisations should intervene in their attempt to effect any necessary changes in risk-taking and risk-averse strategies to achieve their objectives. Overall, the research findings here have been submitted as an empirically grounded and available set of core constructs. At best, the six constructs can help organisations to focus on understanding whether risk-seeking or risk aversion will better serve their organisations' interests given the set of circumstances. To this end, organisations might want to consider the suggested approach outlined below (7.2.6 and 7.2.7).

7.2.5 Development of risk culture climate profiling measurement tool

The research reported here, while offering some refocusing of core constructs, is considered to represent one dimension of the broad and complex nature of risk-seeking and risk averse behaviour. As such, there are several ways in which one can build upon this research, e.g., conduct a survey of managers on the identified constructs, develop a measuring scale of the outcomes and adjust for improvements. Essentially, however, the development of a tool can potentially contribute to the empirical findings of the influences on risk climate. It would offer intuitive appeal regarding the next logical step. Further to this, it would assist with the measurement of those risks considered to be more prevalent in organisations or subsets of organisations.

Likewise, any set of construct scale based on these findings needs to be subjected to an extensive development process, especially concerning the stability of responses over time, to ensure further reliability testing and the capacity of the gauges (see Costello & Osbourne, 2005; Spector, 1992). This tool can be further developed by administering it to a new set of respondents using confirmatory factor analysis.

7.2.6 Practical application of risk culture climate profiling measurement tool

Once developed, the risk culture climate profiling measurement tool could then be applied by companies in a functionally equivalent manner to contemporary workplace staff attitude surveys, health and safety assessment climate tools, and other similar areas. The results of the risk culture climate profiling measurement tool would allow organisations to adequately monitor, evaluate and introduce intervention strategies when necessary to ensure that organisational strategic objectives are best served. The tool could be used to contribute to organisational learning by identifying weaknesses and designing interventions to manage salient influences more efficiently. This approach would enable enterprises to design interventions based on data derived from their risk decision-making (including different subsets) to address any challenges arising from the decision to take a risk or be risk averse.

This initiative would require periodic use of the tool and provide the capacity to monitor impacts and changes over time. This approach primarily represents a DMAIC (Define, Measure, Analyse, Improve and Control) methodology, familiar to many organisations when dealing with other topics, e.g., health and safety executive (HSE) climate tool and stress management standards. The significant advantage here is that the method will likely be familiar to interested organisations and presents a structure by which interventions can be applied and tracked.

7.2.7 Recommendations for future research and practical application

The research identified a number of constructs held to characterise elements of organisational climate with the potential to impact on risk decision-making. An empirical understanding of the power of these constructs and their likely impact on. managerial behaviour will inform why managers may take or not take a specific decision. It is expected that such an understanding will help organisations to determine what necessary policy changes or practices may be required to ensure that all risk-taking or risk-averse decisions taken are indeed in the best interests of their organisations or best suited to achieving its objectives.

The empirical understanding of these and other constructs (not mentioned in this study), coupled with an understanding of the culture of each industry sector, could be useful to undertake further studies of the relative functionality of risk components, within and across industry sectors, to determine the phenomenon that drives risk decision-making in each sector across the Caribbean. This would allow organisations to better understand the different dynamics competing for the attention of decision-makers in their industry and how similar or different the phenomena driving each sector.

7.2.8 Teaching of comparative studies in risk attitudes and decision-making

Psychological studies and cognitive biases to risk contribute to an understanding of why managers make certain decisions under varying circumstances that lead to a range of outcomes. The teaching of comparative studies in risk attitudes should be offered as a foundation course in management to ensure that potential managers are more aware of these psychological aspects in assessing risky situations.

7.3.0 Conclusions

1. Findings from Studies 1 and 2 facilitate the identification and articulation of the prevalent influences on risk-seeking, risk aversion and the normative/conformity effects of decision-making among managers. The degree of homogeneity across respondents, country borders and industry sectors from the four levels of management (top, senior, middle, and junior) seems to indicate that there is a notable degree of shared perspective on core components of risk-taking and risk aversion.

2. Information about the existence of risk-taking and risk aversion may in some cases remove any inconsistencies and enable a more balanced debate about risk. Any attempt to deal with risk must include a normative dimension that acknowledges the manager's role in risk decision-making. For example, one must determine whether managers have the right to take a risk or are can be as risk averse as they wish within a broad framework of rules or guidelines.

3. The characteristics of these rules will affect a manager's preference to adhere or to ignore them. Verkuyten (1992) opined that the rule characteristics were defined by clarity, source, imperativeness, objective, and enforcement. In this context, the enforcement of a rule refers to the likelihood and severity of control overrule-breaking behaviours. Rule-breaking can be tolerated in companies as the factors or norms that give rise to change. Some rule-breaking behaviour is seen as condoned or even encouraged by the non-enforcement of governing rules; for example, the attitude toward short- versus medium-term investments, irrespective of the gain or loss. Within this context, one can assess whether a manager's risk-seeking or risk-averse behaviour is considered excessive and which is more suited to the meeting of the company's objectives.

4. Six constructs are considered to characterise core elements of managers' perspectives on variables contributing to risk-taking and risk aversion: fairness and equity; skills and competencies; incentives and rewards; autonomy; compliance with rules and procedures; and institutional blame. These components account for a significant proportion (59.5%) of the total variance.

5. The identified constructs have been relevant and meaningful to managers (as evidenced by the capacity to make reliable distinctions between them) and are interpretable concerning established research findings.

6. The contribution of the researcher to literature relates mainly to two specific areas. First, providing empirical data showing the influences on organisational climate and the normative/conformity effects embodying risk among a range of managers representing a broad sample of organisations across some of the major industry sectors in the Caribbean, thus providing a Caribbean perspective on organisation climate influences on decision-making embodying risk. Second, the development of a risk-culture measuring profile to

assist organisation in identifying and prioritising what risk-taking or risk-averse decisions they consider best suited to achieve their investment and operational objectives, based on the risk components identified in the studies.

7. The groundwork preceding a risk climate measurement tool (to characterise managers' behaviour toward risk-taking and risk aversion) has the potential to profile managers' perspectives, as well as benchmark organisational performance, and thereby contribute to organisational learning by informing corporate decision-making over the timing of intervention, and to address the risk-taking and risk-averse conundrum when examining what is best suited for the organisation in the pursuit of its objectives.

8. Irrespective of the position held in an organisation, no significant differences have been detected regarding the constructs of fairness and equity, autonomy, or institutional blame. However, there are significant differences in skills and competencies as well as incentives and rewards between top, senior, middle and junior managers.

9. The findings of this research support many of the conclusions reached by studies carried out in other parts of North America and in Western Europe (e.g., MacCrimmon & Wehrung, 1986; Marsh & Shapira, 1987; Zarina, 2009; Weitzman et al., 2011; and Aktar et al., 2012).

10. Caribbean managers appear to be similar to their international counterparts in their perception of risk-seeking or risk aversion as part of a concept involving multiple constructs having a strong influence on managerial behaviour. Managers from the Caribbean focus on avoiding substantial losses and believe that attitudes to risk vary with personal experience and organisational characteristics, as well as according to the circumstances under which decisions are made.

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Appendix A:

Ethics approval information

Attachment to the ethical approval form

Name of PhD student: Ashwell Thomas

Names of supervisors:

- Dr Andrew Weyman
- Professor Philip Jones

University of Bath

Title of project: Caribbean managers' attitude to risk and uncertainty

Purpose of the project and rationale

Traditionally, institutional measures aimed at influencing corporate and managerial reactions to risk are a method of financial rational actor assumptions. This method is useful. However, one needs to learn more about what influences decision behaviour, given the widely documented evidence of the systematic biases, inconsistencies and irrationalities in the decision-making process (Kahneman & Tversky, 1979; Tversky & Kahneman, 1991; Bettman, Luce & Payne, 2008).

This research seeks to explore managers' attitudes to risk and uncertainty in decision-making through an investigation of the interplay between situational influences (climate, cultural and structural) and cognitive factors (heuristics and biases).

Methodologically, the study has three phases. The first phase is to explore and characterise the interplay between cognitive and contextual influences on financial/managerial risk decision-making among managers in Caribbean work organisations. The second is to explore the reasons underlying the key issues and themes that emerge from phase one through qualitative (focus group) interviews. The final phase is to consider the constructs elicited by the second study, explore and refine these insights with a more significant (quantitative) sample of respondents, and examine the scope for developing a psychometric measure of the workspace risk decision- making climate.

Brief description of methods

Research aim

The purpose is to explore managers' financial/investment, operational and reputational decision-making, in particular to identify and characterise those factors that can foster risk-taking or risk-averse behaviours.

Objectives

e) To conduct an exploratory study (through the use of a quantitative survey) of a sample of managers' perceptions and orientations to risk.

f) To carry out a qualitative study to probe deeper into salient issues that emerged from a) aimed at deriving insight from respondents' accounts of salient variables and how they operate.

g) To triangulate the findings from b) through a large-scale quantitative survey to provide some verification of the conclusions from b) and explore and articulate additional arising insights related to headline influences on decision-making in the presence of risk.

h) To explore the scope for developing an organisational psychometric measure for profiling organisational risk climate.

Participants

The intention is to get as many as 50 organisations across six Caribbean islands in the principal industry to grant permission for their top, senior, middle, and junior managers to volunteer their participation in the surveys and focus groups interviews. The questionnaires for both studies will each take 20 minutes to complete, and each focus group interview will have a duration of 90 minutes. The exploratory quantitative study will be an opportunity sample of those individuals who agreed and made themselves available at the invitation of the researcher.

Data collection and analysis

The researcher will extend the invitation to take part in the quantitative surveys and focus group interviews. The invitation will include the following information:

1. The purpose of the study
2. A statement to confirm that participation in the study is voluntary, and consent can be withdrawn at any point without reason.
3. Confirmation to participants of the confidentiality of the information shared. All

responses will be held in strict confidence and will not be revealed to their employer or any other party.

4. Regarding the focus group interviews, a statement mirroring the invitation will be read at the start of each focus group discussion, and consent will be sought concerning the method of capturing the group discussions (e.g., by voice recording or handwriting).

Anticipated start date and duration

August 1, 2011-April --, 2014

Risk and uncertainty in decision- making

AN EXPLORATORY SURVEY QUESTIONNAIRE RELATED TO ATTITUDES OF CARIBBEAN MANAGERS TOWARD RISK AND UNCERTAINTY – STUDY 1

Instructions

This questionnaire is divided into several parts. Answer all questions by following the specific instructions at the beginning of each question. Some questions require you to indicate the statement that best fits your situation or describes your current circumstances. Some questions do require 'yes' or 'no' answers. Please do not enter your name anywhere on the questionnaire.

Any individual data collected will be held in security/password protected data archives, will not be made available to anyone other than researchers on the project, and will never be published or disseminated in any form other than in a broad summary format designed to ensure the anonymity of each individual respondent.

Should you have any questions pertaining to this survey, please feel free to contact either [redacted]; email [redacted] or [redacted]. Your personal assistance in this research effort is greatly appreciated.

SECTION A: General biographical data of respondents.

1. What age group do you belong? ☐ 25-35 ☐ 36-45 ☐ 46-55

☐ 56 & over

2. Gender

Male ☐

Female ☐

3. Educational level

Primary Secondary ☐

College/university ☐

Postgraduate ☐

4. Resident in Antigua ☐ Barbados ☐ Jamaica ☐ St Lucia ☐

St Vincent & the Grenadines ☐ Trinidad & Tobago ☐

5. How many years have you been a manager?

1–5 ☐ 6–10 ☐ 11–15 ☐ 16–20 ☐ 21–26 ☐

27–32 ☐ 33 & over ☐

6. What level of management are you now operating at?

☐ Top (CEO/President/General Manager/COO)

☐ Senior management (Divisional General Manager/Director/Divisional)

☐ Manager (CFO/CIO/HR Director) Middle Management (Department Manager)

SECTION B: Risk definition, managers' perceptions of risks and attitudes to risk

Circle the rating that you are most comfortable with.

Question 7: Risk is defined as	**Strongly Agree**	**Agree**	**Disagree**	**Strongly Disagree**
a) uncertainty that matters.	1	2	3	4
b) an uncertainty that could have a positive or negative effect on one or more objectives.	1	2	3	4
c) undertaking a task involving a challenge for achievement or a desirable goal in which there is a lack of certainty or a fear of failure.	1	2	3	4

Question 8: Read each statement on the left of the table below and *indicate the extent of your agreement or disagreement by circling the appropriate number.*

	Strongly Agree	**Agree**	**Disagree**	**Strongly Disagree**
I am prepared to take risk in order to gain high returns in the long term.	1	2	3	4
My knowledge and experience of taking risks in decision-making within my company is limited.	1	2	3	4
I am averse to taking risk for fear that I may fail.	1	2	3	4
I love to take risks.	1	2	3	4
I concentrate on avoiding losses in risky situations rather than on the potential opportunity.	1	2	3	4
The thought of losing money makes me nervous.	1	2	3	4

Question 9: Rank in the order of importance the following factors affecting managers' attitudes to risk.

Attitude to Risk	Not Important	Important	Very Important
Knowledge	1	2	3
Experience	1	2	3
Personal character	1	2	3
Individual perception	1	2	3
Economic environment	1	2	3
Political environment	1	2	3
My boss' reaction toward me if something goes wrong	1	2	3

SECTION C: **<u>This section focuses on cultural differences and their impact on behaviour toward risk-taking</u>**

Question 10: In situations under risk and uncertainty, managers are influenced to make decisions based on:

	Strongly Agree	Agree	Disagree	Strongly Disagree
a) cultural similarities of team members.	1	2	3	4
b) cultural differences of team members.	1	2	3	4
c) ethnic /cultural characteristics of others.	1	2	3	4
d) concerns for cultural competence.	1	2	3	4

Question 11: When faced with risky situations, executives are likely to be influenced to make decisions when:

	Strongly Agree	**Agree**	**Disagree**	**Strongly Disagree**
a) they know that their own nationalities are involved in the execution of the decisions.	1	2	3	4
b) communicating with people with similar backgrounds and culture.	1	2	3	4
c) team members across borders are not involved the execution of the decisions.	1	2	3	4

Question 12:

What impact do cultural differences play in the business decisions made in one island but impact the functioning of the business in other islands?	**No Impact**	**Little Impact**	**A Big Impact**
	1	2	3

<u>SECTION D:</u> <u>This section seeks information about your policy for risk management and how that policy is promulgated throughout your organisation</u>

Question 13: Does your organisation have a documented risk management policy?

Yes ☐ No ☐

If your answer is 'yes' to Question 13, then answer Questions 14 to 16, otherwise skip to Question 17.

Question 14: Who approved the policy? (Circle all that apply.**)**

a. Chief Executive Officer
b. Board/Executive Management Team c.
Director of Finance
d. Audit Committee e.

Risk Manager
f. Other *(please specify……………………………………………………………………………)*

Question 15: How is the policy promulgated throughout your organisation? By (place a tick in the column that applies to you):

	Internally	**Externally**
Distribution of the document evidencing the policy		
Placing the policy on the intranet/website		
Meetings, conferences, briefings, etc.		
Training courses		
Newsletters, circulars, etc.		
The annual report		
Performance agreements/management system		
other *(please specify below)*		

Question 16: To what extent would you say your organisation's risk policy impacts on decision-making behaviour? (Please place a tick in the appropriate box following each statement.)

	Strongly Agree	**Agree**	**Disagree**	**Strongly Disagree**
No impact				
Little impact				
Some impact				
Great impact				

Question 17: The risk-management policy is promulgated in my company through the following levels:

	Strongly Agree	**Agree**	**Disagree**	**Strongly Disagree**
Chief Executive Officer/Board	1	2	3	4
Executive management	1	2	3	4
Stakeholders	1	2	3	4
Staff	1	2	3	4
Other (*please specify below*)	1	2	3	4

SECTION E: This section deals with the objectives of your organisation, how those objectives are communicated and the context in which risk management operates

Question18:	**Strongly Agree**	**Agree**	**Disagree**	**Strongly Disagree**
a) The aims and objectives of my organisation are contained in a documented statement and communicated to management and staff.	1	2	3	4
b) The relative priority of my organisation's business objectives is documented, communicated and understood by management and staff.	1	2	3	4
c) Staff understand how the aims and objectives of the organisation link to the objectives in their individual unit/area.	1	2	3	4
d) Staff understand how the aims and objectives of the organisation link to their personal (work-related) objectives.	1	2	3	4
e) The organisation supports the taking of considered risks to achieve objectives.	1	2	3	4
f) The organisation supports innovation to achieve organisational objectives.	1	2	3	4

SECTION F: This section asks questions about how your organisation identifies the risks it faces

Question 19: The following human resource components represent a risk to my organisation (circle the number for each statement that best fits your organisation):

	Strongly Agree	**Agree**	**Disagree**	**Strongly Disagree**
Integrity and honesty	1	2	3	4
Recruitment of key personnel	1	2	3	4
Skills and competencies	1	2	3	4
Employee relations	1	2	3	4
Retention of key personnel	1	2	3	4
Employee absenteeism	1	2	3	4
Occupational health and safety	1	2	3	4
Employee wellness	1	2	3	4

Question 20: The following financial factors represent a risk to my organisation (indicate your agreement or disagreement by circling the number you consider appropriate):

Cash flow adequacy and management thereof	**Strongly Agree**	**Agree**	**Disagree**	**Strongly Disagree**
Financial losses	1	2	3	4
Wasteful expenditure	1	2	3	4
Budget allocation and budget management	1	2	3	4
Increasing operational expenses	1	2	3	4

Question 21: To what extent do the following cultural factors represent a risk to your organisation? (Place a tick in the boxes under the level of risk applicable to you.)

Cultural factors	**No Risk**	**Low Risk**	**Moderate Risk**	**High Risk**
Communication channels and their effectiveness	1	2	3	4
Cultural integration	1	2	3	4
Entrenchment of ethics and values	1	2	3	4
Goal alignment	1	2	3	4
Management style	1	2	3	4

Question 22: To what extent do the following economic environmental factors represent a risk to your organisation?
(Place a tick in the boxes under the level of risk applicable to your organisation.)

Economic factors	**No Risk**	**Low Risk**	**Moderate Risk**	**High Risk**
Inflation	1	2	3	4
Foreign exchange fluctuations	1	2	3	4
Interest rates	1	2	3	4

Question 23: Do you agree that the following political environmental factors present a direct risk to your business? (Select the statement most applicable.)

	Environmental Factors	**Strongly Agree**	**Agree**	**Disagree**	**Strongly Disagree**
a	Change of government	1	2	3	4
b	The performance of the ministry with oversight for the industry segment in which my organisation falls	1	2	3	4
c	Political unrest	1	2	3	4
d	Crime and violence	1	2	3	4

Question 24: *(Circle the phrase that is most applicable to you.)*	**Strongly Agree**	**Agree**	**Disagree**	**Strongly Disagree**
My company has a risk communication strategy.	1	2	3	4
My company has a policy on risk decision-making	1	2	3	4
My company's risk strategy is known only to the top executives.	1	2	3	4

Question 25

(a): Is there an audit committee in your company? Yes ☐ No ☐

(b): If your answer to Question **25(a)** is 'yes', indicate your agreement or disagreement with the following statement, otherwise skip to Question 26.

Control Factors	**Strongly Agree**	**Agree**	**Disagree**	**Strongly Disagree**
'The charter includes risk management and an internal control framework.' (Place a tick in the appropriate box.)	1	2	3	4

Question 26:

The culture of my company reflects a risk-taking attitude. (Circle the number that best applies to you.)	**Strongly Agree**	**Agree**	**Disagree**	**Strongly Disagree**
	1	2	3	4

SECTION G: Decision characteristics affecting attitudes to risk

Question 27: My approach to decision-making is affected by the following (indicate your agreement or disagreement by circling the number you consider to best represent you):

	Strongly Agree	**Agree**	**Disagree**	**Strongly Disagree**
The wide range of outcomes (both positive and negative)	1	2	3	4
The greater the magnitude of any possible loss resulting from a decision	1	2	3	4
The greater the ability of the competitors to respond quickly to any decisions that I may make	1	2	3	4

Question 28: Would you make a riskier or less risky decision in the following situations? (Select the statement by circling one of the numbers following each statement.)

	Less Risky Decision	**Most Risky Decision**
Decision-maker is an extrovert with a high degree of self-belief.	1	2
Company culture emphasises the necessity for taking risks.	1	2
There is a generous reward structure in the company.	1	2
A large part of the reward structure includes equity options and bonus payments.	1	2
Decision-maker has a personal fortune largely independent of the company.	1	2
The company is enjoying favourable economic circumstances.	1	2
There is a strong likelihood that the target profit figure will not be met.	1	2
There is a strong likelihood that profit forecasts will be surpassed.	1	2

Previous decisions of a similar nature have been successful.	1	2
Decision-maker is a senior executive and has a high salary level in the company compared to that of the average decision-maker.	1	2
Previous decisions of a similar nature have been unsuccessful.	1	2
Economy is in recession.	1	2
The company is a follower rather than a leader	1	2
Decision is made by a group rather than by a single individual.	1	2
A large degree of formal monitoring and evaluation of performance is undertaken by the organisation.	1	2

SECTION H: Management of risk

This section seeks to identify the methods and strategies companies use to manage risk.

Question 29: What methods and strategies are used by your organisation to manage risks? Circle all that apply:

a. Audits and physical inspection
b. Brainstorming
c. Evaluation of local, regional and international experiences
d. SWOT analysis
e. Group discussions
f. Judgmental
g. Surveys/questionnaires
h. Scenario analysis
i. Past organisational experience
j. Process analysis
k. None of the above

Question 30: Do you analyse risks in terms of (indicate 'yes' or 'no' for your

answer) Likelihood and consequences	Yes ☐	No ☐
Financial impact	Yes ☐	No ☐
Reputational impact	Yes ☐	No ☐

Achievement of objectives Yes ☐ No ☐

Other (please specify) Yes ☐ No ☐

SECTION I:

Shareholder influences

Question 31: Indicate your agreement or disagreement with the influence stakeholders have on the risky decisions that you have taken or are likely to take.

Stakeholders	Strongly Agree	Agree	Disagree	Strongly Disagree
Banks	1	2	3	4
Shareholders	1	2	3	4
Suppliers	1	2	3	4
Employees/union representatives	1	2	3	4
Customers	1	2	3	4
Competitors	1	2	3	4
Government/government agencies/regulators	1	2	3	4
Parent company	1	2	3	4

<u>SECTION K:</u> <u>This section seeks information on the effectiveness of the risk management components within your organisation</u>

(If a component is not in place, then please circle 'Not in Place'. However, if the component is in place, then circle the most appropriate rating of its effectiveness.)

Question 32: Which of the following components of risk management are effective in your organisation?	Effective	Ineffective	Not in Place
Executive sponsorship, support and focus	1	2	3
Line management ownership of risk management	1	2	3
Effective culture and organisation	1	2	3

Defined and communicated policies, procedures, systems, and internal controls	1	2	3
The linkage between risks and corporate aims and objectives	1	2	3
The level of understanding of risk and risk management across the organisation	1	2	3
Specification of the organisation's risk environment, including articulation of the organisation's objectives	1	2	3
The linkage between risk management and individual performance appraisals	1	2	3
Establishment of the organisation's risk appetite, risk tolerance and risk treatment measures	1	2	3
Establishment of the criteria for the evaluation of risk	1	2	3
Identification of risks	1	2	3
Analysis of risks	1	2	3
Prioritisation of risks	1	2	3

Question 33: To what extent do you agree or disagree that risk management improves performance and/or outcomes in the following areas (circle the most appropriate rating):	**Strongly Agree**	**Agree**	**Disagree**	**Strongly Disagree**
More robust corporate planning	1	2	3	4
Achievement of objectives	1	2	3	4
Quality of service delivery	1	2	3	4
Resource allocation and utilisation	1	2	3	4
Information systems	1	2	3	4
Management reporting	1	2	3	4
Development of a learning culture in the organisation	1	2	3	4
Reputation management	1	2	3	4

Public perceptions	1	2	3	4
Physical asset management	1	2	3	4
Project management	1	2	3	4
Accountability requirements	1	2	3	4

Appendix B: Sample cover letter to organisations seeking approval for their managers to participate as volunteers in the exploratory survey

April 22, 2011

[redacted]

Mr Jimmy Clarke
Managing Director
TMR Sales and Services
Fontabelle
Bridgetown, Barbados

Dear Mr Clarke,

Re: Request to participate in research survey concerning managers' attitudes to risk and uncertainty in decision-making

This is Ashwell Thomas, a PhD student at the University of Bath currently working on a research project entitled "Caribbean managers' attitude to risk and uncertainty in decision- making". The objective of this study is to investigate the influences on risk decision-making, individual biases, and attitudes impacting on managerial behaviour.

I am kindly requesting your approval to allow your senior, middle and junior managers the option to volunteer to participate in the above-captioned survey. The opportunity to share their wide and varied experiences in making decisions in situations of risk and uncertainty will contribute to research and development immensely and will be most welcomed. The questionnaire is attached, and it is estimated to take approximately 20 minutes to complete.

The company's approval will help the researcher to survey approximately 200 managers from a cross-section of industries in six Caribbean islands—Antigua & Barbuda, Barbados, Jamaica, St Lucia, St

Vincent, and Trinidad and Tobago. Arising out of this study, we expect to establish an empirical basis for developing a better understanding of how risk decisions were made and the situations under which they were made by managers.

The completion of the questionnaires will carry no known or foreseeable risks. Participants' responses will remain anonymous. The information that will be given will be held in strictest confidence, and there will be no traceable link to the participant or company.

The company's approval and managers' participation in this important research will be highly appreciated. As soon as the approval is received, we propose to arrange all meetings with prospective volunteers through your human resources department to ensure minimum disruption to managers' work and time.

I will be calling you a week after receipt of this invitation for your response and, if necessary, to schedule a meeting with you.

Yours truly,

Ashwell Thomas

Appendix C

Table 1: *Sample characteristics of managers surveyed*

Functional Responsibility	Nature of Business	Size of Company	Location
CEO/Presidents/General Managers/COO	All Types	Small, Medium & Large	Antigua, Barbados, Jamaica, St Lucia, St Vincent & Trinidad
Sales & Marketing Manager	All Types	Small, Medium & Large	Barbados, Jamaica, Trinidad, St Lucia & St Vincent.
Financial Directors/Managers	All Types	Small, Medium & Large	Antigua, Barbados, Jamaica, St Lucia, St Vincent &Trinidad
Operational/Production Manager	Manufacturing	Small, Medium & Large	Barbados, Jamaica, Trinidad & St Lucia
Human Resources Directors/ Managers	All Types	Small, Medium & Large	Antigua, Barbados, Jamaica, St Lucia & Trinidad
CIO/IT Managers	All Types	Small, Medium & Large	Barbados, Jamaica & Trinidad
Procurement Managers	All Types	Small, Medium & Large	Barbados, Jamaica, Trinidad & St Lucia
Property Managers	All Types	Small, Medium & Large	Barbados, Jamaica & Trinidad
Bankers & Financiers	Insurance & Finance	Small, Medium & Large	Antigua, Barbados, Jamaica, St Lucia & Trinidad
Risk Assurance Managers	Insurance & Finance	Small, Medium & Large	Barbados, Jamaica & Trinidad
Quality Assurance Managers	Manufacturing	Small, Medium & large	Barbados, Jamaica & Trinidad
Warehouse Managers	Distribution & Retail	Small, Medium & Large	Barbados, Jamaica, Trinidad & St Lucia
Transportation Managers	Communication &Transport	Small, Medium & Large	Barbados, Jamaica & Trinidad
Project Managers	Construction	Small, Medium & Large	Barbados, Jamaica, Trinidad & St Lucia

Table 5: *Respondents by functional responsibility and country (Q6)*

Functional Responsibility	Antigua & Barbuda	Barbados	Jamaica	St Lucia	St Vincent	Trinidad & Tobago	Total	% of total resp.
CEO/Presidents/GM	3	8	12	3	2	7	35	20.59
MD/COO Financial	3	7	13	3	2	6	34	20.00
Directors/Managers Operational/Production	0	5	10	2	0	13	30	17.65
Manager Sales & Marketing	1	2	5	2	0	5	15	8.82
Manager HR Managers	1	5	8	2	0	5	21	12.35
CIO/IT Managers	0	1	2	0	0	2	5	2.94
Bankers and Financiers	1	2	4	0	0	2	9	5.29
Risk Assurance	0	1	1	0	0	1	3	1.76
Managers Quality Assurance	0	1	1	0	0	1	3	1.76
Managers Warehouse Manager	0	0	1	0	0	1	2	1.18
Transportation	0	1	2	0	0	1	4	2.35
Managers Project Managers	0	1	1	0	0	0	2	1.18
Procurement Manager	0	2	3	0	0	2	7	4.12
Total	9	36	63	12	4	46	170	100

Table 15 *Risk management components (Q 32)*

Which of the following components of risk management is effective in your organisation?	**Effective**	**Ineffective**	**Not in place**
Executive sponsorship, support and focus	24%	48%	32%
Line management ownership of risk management	23%	22%	55%
Effective culture and organisation	25%	27%	48%
Defined communicated policies, procedures, systems and internal controls	38%	24%	38%
The linkage between risks and corporate aims and objectives	36%	21%	43%
The level of understanding of risk and risk management across the organisation	24%	32%	44%
Specification of the organisation's risk environment, including articulation of the organisation's objectives	34%	26%	40%
The linkage between risk management and individual performance appraisals	22%	24%	54%
Establishment of the organisation's risk appetite, risk tolerance and risk treatment measures	21%	26%	53%
Establishment of the criteria for evaluation of risk	22%	25%	53%
Identification of risks	26%	0%	74%
Analysis of risks	21%	23%	56%
Prioritisation of risks	38%	21%	41%

Table 18: *Situations under which a more or less risky decision is taken (Q28)*

Situations	**Less risky decision (%)**	**More risky decision (%)**
Decision maker is an extrovert with a high degree of self-belief.	27.6	72.4
Company culture emphasises the necessity for taking risks.	18.2	81.8
There is a generous reward structure in the company.	32.9	67.1
A large part of the reward structure includes equity options and bonus payments.	46.1	53.9
Decision maker has a personal fortune largely independent of the company.	35.1	64.9
The company is enjoying favourable economic circumstances.	24.7	75.3
There is a strong likelihood that the target profit figure will not be met.	30.3	69.7
There is strong likelihood that profit forecasts will be surpassed.	31.2	68.8
Previous decisions of a similar nature have been successful.	17.1	82.9
Decision maker is a senior executive and has a high salary level in the company compared with that of the average decision maker.	44.7	53.3
Previous decisions of a similar nature have been unsuccessful.	88.2	11.8
The economy is in recession.	88.2	11.8
The company is a follower rather than a leader.	77.9	22.1
A large degree of formal monitoring and evaluation of performance is undertaken by the organisation.	52.6	47.4

Appendix D: Study 3— decision-making in the presence of risk questionnaire

Survey

Instructions

Please respond to all questions—biographical (section A) and statements (section B). The statements are related to financial/investment/resource/capital risk decisions. You are therefore required to indicate the degree of your agreement or disagreement with each statement by placing a tick in the box (marked 1–5, labelled 'strongly agree', 'agree', 'not sure', 'disagree', and 'strongly disagree'). Your choice should be based on what you consider best describes current risk decision-making practices in the organisation for which you work.

Please do not write your name anywhere on the questionnaire. In order to protect the anonymity of each respondent, the individual data collected will be encapsulated in security/password-protected data archives and will not be made available to anyone other than the researcher or his assistant. It will not be published or disseminated in any form other than in a broad summary format.

SECTION A

1. What age group do you belong to? 25–35 ☐ 36–45 ☐ 46–55 ☐ 56 & over ☐

2. Gender

Male ☐ Female ☐

3. Educational level (tick one box only)

Primary ☐ Secondary ☐ College ☐ University ☐ Postgraduate ☐

5. How many years have you been a manager?

1–5 ☐ 6–10 ☐ 11-15 ☐ 16-20 ☐ 21-25 ☐ 26-31 ☐ 32 & over ☐

6. What level of management are you now operating at?

- Top (CEO/President/MD/General Manager/COO) ☐
- Senior Management (Divisional General Manager/Director/Divisional Manager/CFO/CIO/HR Director) ☐
- Middle Management (Department Manager), Junior Management (Assistant Manager/Supervisor) ☐

7. What industry are you in?

- Manufacturing ☐
- Financial Services ☐
- Retail & Distribution ☐
- Construction ☐
- Tourism & Hospitality ☐
- Mining & Drilling ☐
- Other ☐

Section B

Risk Statements	Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree
1. Managers have a clear understanding of acceptable and unacceptable risk-taking..organisation.	1	2	3	4	5
2. In this organisation, the board is excessively risk-averse.	1	2	3	4	5
3. In this organisation, the board turns a blind eye to managers breaking the rules and taking risks—as long as they get good results.	1	2	3	4	5
4. This organisation imposes sanctions on any manager found to be in breach of risk policies.	1	2	3	4	5
5. Managers in this organisation are rewarded for acting on their own initiatives.	1	2	3	4	5
6. Many investment opportunities are lost by this company because of excessive risk aversion at the senior management/board level.	1	2	3	4	5
7. There is a stronger emphasis on following procedures than results in this organisation.	1	2	3	4	5
8. Decision-making is a very bureaucratic process in my organisation.	1	2	3	4	5
9. Managers in this organisation place a strong emphasis on achieving consensus before making important decisions.	1	2	3	4	5
10. Managers in this organisation sometimes recklessly take risks in order to meet their performance targets.	1	2	3	4	5
11. Innovative investment decision-making is encouraged in this organisation.	1	2	3	4	5
12. Managers do not feel confident in making investment decisions in this company.	1	2	3	4	5
13. This organisation is more focused on avoiding financial losses than seeking investment opportunities.	1	2	3	4	5

14. In this organisation, managers are given complete freedom to solve problems on their own.	1	2	3	4	5
15. There is a high degree of scrutiny of all investment decisions in this organisation.	1	2	3	4	5
16. In this organisation, more importance is placed on	1	2	3	4	5

Risk Statements/continued	Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree
loyalty than performance when evaluating managers.					
17. Worries over the consequences of poor investment choices are a strong driver of managerial decision-making in this organisation.	1	2	3	4	5
18. This organisation is quick to blame managers when things go wrong.	1	2	3	4	5
19. Reckless managerial decisions are challenged and always sanctioned in this organisation.	1	2	3	4	5
20. Managers are held accountable for poor investment decisions in this organisation.	1	2	3	4	5
21. In this organisation, managers do not blame staff: when things go wrong, they take responsibility for their part in any of the mistakes made.	1	2	3	4	5
22. This organisation encourages openness— managers are able to admit mistakes and learn from them.	1	2	3	4	5
23. In this organisation, when things go wrong, finding someone to blame seems to be more important than finding out why it happened.	1	2	3	4	5
24. Managers in this organisation are reluctant to accept the consequences of their actions if things go wrong for fear of being punished.	1	2	3	4	5
25. When things go wrong, managers are more worried about risks to their career prospects than impacts on this organisation.	1	2	3	4	5
26. This organisation accepts that everyone gets it wrong from time to time.	1	2	3	4	5
27. Managers in this organisation are always looking over their shoulders.	1	2	3	4	5
28. No one minds what risks people take in this organisation as long as nothing goes wrong.	1	2	3	4	5
29. There are too many detailed rules and procedures about how to conduct business deals in this organisation.	1	2	3	4	5
30. In this organisation, managers are given little or no autonomy over developing their portfolio of responsibilities.	1	2	3	4	5
31. In this organisation, managers often question their subordinates' commitment to the organisation.	1	2	3	4	5
32. Managers in this organisation do not support an atmosphere in which everyone can speak openly about their concerns.	1	2	3	4	5
33. In this organisation, managers are approachable and responsive even when under pressure.	1	2	3	4	5
34. Managers in this organisation routinely show loyalty	1	2	3	4	5

Risk Statements/continued	Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree
to team members even in the midst of criticism from outsiders.					
35. In this organisation, managers ensure that consultation takes place before important decisions are made.	1	2	3	4	5
36. In this organisation, managers are respected and treated fairly.	1	2	3	4	5
37. In this organisation, managers are allowed a high degree of autonomy in executing their responsibilities.	1	2	3	4	5
38. This organisation depends on the competence and flexibility of its managers to perform competitively.	1	2	3	4	5
39. Managers are given a high degree of autonomy in this organisation with little or no checks or balances.	1	2	3	4	5
40. People are treated fairly in this organisation	1	2	3	4	5
41. The best performing people get to the top in this organisation.	1	2	3	4	5
42. Managers in my organisation follow the rule of natural justice in all disciplinary matters.	1	2	3	4	5
43. Managers who make good investment decisions are usually well rewarded in this organisation.	1	2	3	4	5
44. Managers who are negligent or in breach of this company's investment policy are usually sanctioned.	1	2	3	4	5
45. The process for assessing managers' performance is fair in this organisation.	1	2	3	4	5
46. In this organisation, monetary incentives/bonuses are a key driver of investment choices among managers.	1	2	3	4	5
47. Above all else, managers in this organisation are focused on achieving their performance objectives.	1	2	3	4	5
48. Managers in this organisation are given monetary incentives in recognition of a history of sound decision-making.	1	2	3	4	5
49. Bonus schemes in this organisation reward quick wins at the expense of long-term development.	1	2	3	4	5
50. In this organisation, having an outstanding sale record is the primary motivation for managers.	1	2	3	4	5
51. Some of the bonus/incentive schemes in this company are designed to motivate managers to compete with each other.	1	2	3	4	5
52. Some of the bonus/incentive schemes in this organisation cause managers to act in self-interest and not in the interest of the company.	1	2	3	4	5
53. This organisation offers good support to managers	1	2	3	4	5

Risk Statements/continued	**Strongly Agree**	**Agree**	**Not Sure**	**Disagree**	**Strongly Disagree**
when they have to make difficult investment decisions.					
54. Managers in this organisation are generally recognised for their creative suggestions contributing to financial success.	1	2	3	4	5
55. Managers in this organisation are generally recognised for their investment initiatives.	1	2	3	4	5
56. Effective risk management skills and knowledge are valued, encouraged and developed in this organisation.	1	2	3	4	5
57. Managers in this organisation are more motivated to take financial risks when there are short-term benefits to be gained.	1	2	3	4	5
58. Managers in this organisation have zero tolerance for losses over the medium to long term.	1	2	3	4	5
59. Managers' primary objective in this organisation is to preserve capital while generating consistent returns over the short term.	1	2	3	4	5
60. In this organisation, senior managers' objective is to aim for high long-term growth, with a willingness to incur some losses in the short to medium term.	1	2	3	4	5
61. Managers in this organisation are willing to accept the possibility of greater losses in the short term to achieve high investment growth over 3–8 years.	1	2	3	4	5
62. There is an acute skill shortage among middle managers in this organisation.	1	2	3	4	5
63. Obtaining and allocating human capital resources is challenging for managers in this organisation.	1	2	3	4	5
64. A shortage of senior management skills in the region is impacting on this organisation's ability to recruit competent senior managers.	1	2	3	4	5
65. The number and type of managerial personnel required to carry out future work in this organisation are unknown.	1	2	3	4	5
66. In this organisation, a high percentage (e.g., 40–50%) of existing middle managers lack the required knowledge, skills and competencies to make sound financial decisions.	1	2	3	4	5
67. In this organisation, a poor work ethic contributes to the failure to grasp investment opportunities.	1	2	3	4	5

Appendix E: Interview protocol (all groups)

1. Introduction

Introduce research team and provide information concerning aims, objectives and outcomes.

2. Factors influencing risky decisions

Thinking about the last time you had to make an important decision at work, when you were unsure of how things would turn out, what would you say were the main factors that influenced the decision that you made?

Prompts

"What will happen to me if things go badly?"

"What are the consequences for the organisation?"
"We have got away with it in the past."

3. Primary concerns when making difficult decisions

Thinking of a difficult business decision you/your organisation had to make during the last 12 months:

What were your primary concerns (to you and the business)?

What made the decision difficult?

What aspects did you focus on and why?

What did you or your organisation worry about?

Prompts

Business impacts
Personal impacts
Damage to reputation
Accountability
Blame

4. Attributes of consequences of decisions made in the past

Thinking about risky decisions you/your organisation has made in the past, namely one that turned out well and one that turned out poorly, what do you attribute the consequences to?

Prompts

Good fortune/bad luck

Skill/lack of skill & expertise

Impacts on subsequent decisions of a similar type

5. Personality traits critical to successful decision-making

What personality traits would you consider critical for effective decision-making in situations of risk and uncertainty?

Prompts

Decisive
Self-confident
Risk-taker/Innovative
Embraces change

6. The commonality of personality traits

How common do you consider these traits among those managers with whom you have interfaced**?**

- Not common
- Rare
- Common
- Very common

7. The impact of risky decisions on ability to lead and motivate

To what extent have the decisions made in risky situations impacted your ability to lead and motivate subordinates effectively?

- Were you able to set clear objectives for subordinates to follow?
- Were your subordinates able to decide and take action without frequent referrals?
- Did the decisions excite passion?
- Were people turned off by the decision?
- Did the outcomes of your decision match your expectations?

Prompts

Communication issues

Individual initiatives

Degree of enthusiasm

Realised expectation

8. Examples of excess risk aversion

Think of a scenario that would lead you to believe that managers are excessively risk-averse.

Prompts

Fear of failing/adverse personal consequences

Fear of litigation

Belief that risk should be eliminated

Reluctance to depart from policy

9. The effect of risk aversion on business results

Provide a scenario in which you believe excess risk aversion can affect business results.

Prompts

Failure to take advantage of potential business opportunities

Not able to push back threats to the business

Unable to manage rising costs

Appendix F: Information for group participants—focus groups

The discussion will be about managers' attitudes to risk and uncertainty in decision-making. As part of the data-gathering process, small group discussions will be conducted on the topic.

Purpose: The purpose of the research is to find out more about what influences managers' attitudes to risk in decision-making. You are being asked to participate in the discussion by sharing your experience about what influences attitudes toward risk and uncertainty.

Procedure: The discussion will start with general questions about risk definition, risk perceptions, and attitudes affecting risk. Then, as participants share their experiences, more specific aspects will be discussed. The discussion will last for no longer than one hour and a half. Since there will be more than one discussion group, a recording secretary will record the discussion so that what each group said is not forgotten. Your responses will be securely stored and will not be linked to you or anyone connected with you.

Risks: Participation in the group discussion will carry no known or foreseeable risks to you. The responses will remain anonymous. The researcher, Ashwell Thomas, or his assistant will be the only person who will have access to the recorded information; if necessary, the script may be requested by the University of Bath, which is supervising the study. The recorded information will be kept safely by the researcher until the study is completed, and that will be at the end of October 2013, when the record will be destroyed.

Benefits: Participation in the discussion will not bring immediate personal benefits but will contribute to the development of improved policies and strategies for the recruitment and promotion of senior managers in organisations.

Confidentiality: The information that you give in the discussions will be held in strictest confidence, and there will be no link to you or anyone connected to you.

Voluntary Participation: Your participation in the discussion is voluntary, and you may withdraw at any point if you do not wish to participate. If you choose to withdraw after you have started to participate, then the information that you gave will be destroyed.

Appendix G: Analysis of the number of focus groups that participated

Groups	Total No. of Participants	Functional Responsibility	Nature of Business	Size of Company	Location
1	**6**	CEO/ CFO HRM DGM Operations Mgr. Production Mgr.	Conglomerate Retail & Distribution Tourism Transportation Manufacturing	Large Medium Small Medium	Barbados
2	**4**	MD Sales & Marketing CFO HRM Operations	Conglomerate Retail & Distribution Tourism & hospitality	Large Medium Medium	Barbados
3	**5**	MD Sales & Marketing CFOHRM Production Mgr.	Tourism & Hospitality Retail & Distribution Mining Manufacturing Financial Services	Large Medium Large Medium Medium	Jamaica
4	**5**	GM Sales & Marketing Operations Mgr. Production Mgr. HRM	Tourism & Hospitality Retail & Distribution Mining Manufacturing	Large Medium Small Large Medium	Jamaica
5	**5**	MD Sales & Marketing Operations Mgr. Production Mgr.	Conglomerate Retail & Distribution Oil & Gas	Large Large Medium Small	Trinidad

6	**5 (30)**	Sales & Marketing CFO HRM Operations Mgr. General Mgr.	Manufacturing Retail & Distribution Statutory Board Financial Services	Medium Medium Small Medium Medium	Trinidad

Appendix H: Text coding frame (Study 2)

1. **Leadership styles**
    - Dominant styles
    - Poor people skills
    - Goal setting
    - Communication issues
    - Business synergy
    - Poor leadership skills
    - Motivation issues
    - Information sharing
    - Inadequate representation of staff
    - Empathy
    - Consistency
    - Flexibility
    - Accountability
    - Embracing change
2. **Blame culture**
    - Fear of being ridiculed/loss of job
    - Timely disclosures
    - Willingness to admit mistakes
    - Lack of trust
    - Timely disclosures
    - Respect
    - Openness
    - Fairness
    - Punishment
3. **Reputational risks**
    - Personal reputation and credibility
    - Identity
    - Image (individual & corporate)
    - Collective belief

- Competitive edge

4. Rewards, incentives and recognition

- Influencing performance
- Define management-staff relationship
- Statement of values and beliefs
- Better work environment
- Limited scope of recognition
- Cash incentives
- Non-cash incentives
- Variable pay

5. Concerns/worry

- Staff commitment
- Overall management practices
- Conceptual and people skills
- Staff morale
- Self-worth

6. Workplace pressures

- Too much routine/administrative issues
- Increased workload
- Indecisive leadership
- Missing deadlines
- Pressure from the past
- Pressure from above, below and across
- Absence of staff buy-in
- Work ethic

7. Resources

- Cost constraints
- Timing of risk investments
- People skills
- Poor management practices
- Work values
- Shortage of management personnel

Retention strategy

Appendix I: Quantitative survey questionnaire—decision-making in the presence of risk (Study 3)

List of items retained

Q #	Components	Loading
3	In this organisation, the board turns a blind eye to managers breaking the rules and taking risks—as long as they get good results.	
4	This organisation imposes sanctions on any manager found to be in breach of risk policies.	
6	Many investment opportunities are lost by this company because of excessive risk aversion at senior management/board level.	
8	Decision-making is a very bureaucratic process in my organisation.	
12	Managers do not feel confident in making investment decisions in this company.	
17	Worries over the consequences of poor investment choices are a strong driver of managerial decision-making in this organisation.	
18	This organisation is quick to blame on managers when things go wrong.	
19	Reckless managerial decisions are challenged and always sanctioned in this organisation.	
21	In this organisation, managers do not blame staff when things go wrong; they take responsibility for their part in any the mistakes made.	
22	This organisation encourages openness, enabling managers to admit mistakes and learn from them.	
23	In this organisation, when things go wrong, finding someone to blame seems to be more important than finding out why it happened.	
24	Managers in this organisation are reluctant to accept the consequences of their actions if things go wrong for fear of being punished.	
26	This organisation accepts that everyone gets it wrong from time to time.	
27	Managers in this organisation are always looking over their shoulders.	
28	No one minds what risks people take in this organisation as long as nothing goes wrong.	

29	There are too many detailed rules and procedures regarding how to conduct business deals in this organisation.	
30	In this organisation, managers are given little or no autonomy over developing their portfolio of responsibilities.	
35	In this organisation, managers ensure that consultation takes place before important decisions are made.	
36	In this organisation, managers are respected and treated fairly.	
37	In this organisation, managers are allowed a high degree of autonomy in executing their responsibilities.	
40	People are treated fairly in this organisation.	
41	The best performing people get to the top in this organisation.	
42	Managers in my organisation follow the rule of natural justice in all disciplinary matters.	
43	Managers who make good investment decisions are usually well rewarded in this organisation.	
47	Above all else, managers in this organisation are focused on achieving their performance objectives.	
49	Bonus schemes in this organisation reward quick wins at the expense of long-term development.	
51	Some of the bonus/incentive schemes in this company are designed to motivate managers to compete with each other.	
52	Some of the bonus/incentive schemes in this organisation cause managers to act in self-interest and not in the interest of the company.	
53	This organisation offers good support to managers when they have to make difficult investment decisions.	
57	Managers in this organisation are more motivated to take financial risks when there are short-term benefits to be gained.	
61	Managers in this organisation are willing to accept the possibility of greater	

	losses in the short-term to achieve high investment growth over 3–8 years.	
62	There is an acute skill shortage among middle managers in this organisation.	
63	Obtaining and allocating human capital resources is challenging for managers in this organisation.	
64	A shortage of senior management skills in the region is impacting on this organisation's ability to recruit competent senior managers.	
66	In this organisation, a high percentage (e.g., 40–50%) of existing middle managers lack the required knowledge, skills and competencies to make sound financial decisions.	

Appendix J: One-way t-test of factor analysis and sample scale analysis of organisations risk responses.

Tables 44, 45 and 47 show the results of the one-way t-test of factors related to the country, age groups and management levels. Table 46 shows the results of the scale analysis done of sample organisations' risk responses (Study 3).

Table 44: *One-way ANOVA or t-test of components' age groups*

Descriptive

		Mean	Std Deviation	Std Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
Fairness & Equity	25-35	3.0556	.52651	.15199	2.7210	3.3901	2.56	3.67
	36-45	3.2940	.75966	.10965	3.0734	3.5146	1.00	4.56
	46-55	3.2671	.75311	.10985	3.0460	3.4883	1.56	4.56
	56 and over	3.2894	.69851	.10082	3.0865	3.4922	2.00	4.67
	Total	3.2659	.71980	.05782	3.1517	3.3802	1.00	4.67
Skills & Competencies	25-35	2.5208	1.26786	.36600	1.7153	3.3264	1.00	5.00
	36-45	2.5313	.87917	.12690	2.2760	2.7865	1.25	5.00
	46-55	2.7872	1.05550	.15396	2.4773	3.0971	1.25	5.00
	56 and over	2.5208	.81023	.11695	2.2856	2.7561	1.00	4.00
	Total	2.6048	.94786	.07613	2.4544	2.7552	1.00	5.00

Incentives & Rewards	25- 35	3.8333	1.40346	.40514	2.9416	4.7250	2.00	6.00
	36-45	3.8021	.93251	.13460	3.5313	4.0729	2.00	5.00
	46-55	3.0000	.95553	.13938	2.7194	3.2806	1.00	4.50
	56 and over	3.1250	.89025	.12850	2.8665	3.3835	1.00	4.00
	Total	3.3516	1.02750	.08253	3.1886	3.5147	1.00	6.00
Rules & Compliance	25-35	3.2667	.36515	.10541	3.0347	3.4987	2.80	3.80
	36-45	3.1042	.53632	.07741	2.9484	3.2599	1.40	3.60
	46-55	3.2894	.58057	.08468	3.1189	3.4598	2.20	4.80
	56 and over	3.2125	.60411	.08720	3.0371	3.3879	1.80	4.20
	Total	3.2065	.56127	.04508	3.1174	3.2955	1.40	4.80
Autonomy	25-35	3.2262	.58255	.16817	2.8561	3.5963	2.14	3.86
	36-45	3.2560	.71335	.10296	3.0488	3.4631	1.00	4.14
	46-55	3.1915	.69238	.10099	2.9882	3.3948	1.57	4.43
	56 and over	3.2232	.60888	.08788	3.0464	3.4000	2.14	4.29
	Total	3.2240	.66070	.05307	3.1191	3.3288	1.00	4.43
Institutional Blame	25- 35	2.8750	.49810	.14379	2.5585	3.1915	2.50	3.83
	36-45	3.4375	.44777	.06463	3.3075	3.5675	2.83	4.17
	46-55	3.3298	.74737	.10902	3.1104	3.5492	1.67	4.67
	56 and over	3.1319	.79073	.11413	2.9023	3.3615	1.50	4.33

	3.2667	.68154	.05474	3.1585	3.3748	1.50	4.67

Table 45: *One-way t-test of components by country*

Descriptive

Components by Country		N	Mean	Std Deviation	Std. E	95% Confidence Interval for Mean		Minimum	Maximum
						Lower Bound	Upper Bound		
Fairness & Equity	Antigua	5	3.0000	.51520	.2304	2.3603	3.6397	2.11	3.33
	Barbados	34	3.1405	.73718	.1264	2.8833	3.3977	1.00	4.67
	Jamaica	56	3.2242	.70416	.0941	3.0356	3.4128	1.00	4.56
	St Lucia	13	3.4359	.45916	.1273	3.1584	3.7134	2.56	4.11
	St Vincent	4	3.4722	.69315	.3465	2.3693	4.5752	2.56	4.11
	Trinidad	43	3.3798	.80862	.1233	3.1310	3.6287	1.00	4.67
	Total	155	3.2659	.71980	.05782	3.1517	3.3802	1.00	4.67
Skills & Competencies	Antigua	5	2.3000	.90830	.40620	1.1722	3.4278	1.00	3.25
	Barbados	34	2.4412	1.07142	.18375	2.0673	2.8150	1.00	5.00
	Jamaica	56	2.7054	.91838	.12272	2.4594	2.9513	1.25	5.00
	St Lucia	13	2.6923	.68582	.19021	2.2779	3.1067	1.75	4.00
	St Vincent	4	2.1875	.92139	.46069	.7214	3.6536	1.00	3.25
	Trinidad	43	2.6512	.97306	.14839	2.3517	2.9506	1.00	5.00

	Total	155	2.6048	.94786	.07613	2.4544	2.7552	1.00	5.00
Incentives & Rewards	Antigua	5	3.1000	1.47479	.65955	1.2688	4.931	1.00	4.50
	Barbados	34	3.3971	.94371	.16185	3.0678	3.7263	2.00	6.00
	Jamaica	56	3.3839	1.06169	.14187	3.0996	3.6683	1.00	6.00
	St Lucia	13	3.8846	1.08309	.30039	3.2301	4.5391	2.00	6.00
	St Vincent	4	3.2500	1.04083	.52042	1.5938	4.9062	2.00	4.50
	Trinidad	43	3.1512	.96692	.14745	2.8536	3.4487	1.00	5.00
	Total	155	3.3516	1.02750	.08253	3.1886	3.5147	1.00	6.00
Rules & Compliance	Antigua	5	2.8800	.81976	.36661	1.8621	3.8979	1.80	
	Barbados	34	3.1824	.54688	.09379	2.9915	3.3732	1.40	
	Jamaica	56	3.2893	.51440	.06874	3.1515	3.4270	1.40	
	St Lucia	13	3.4462	.52379	.14527	3.1296	3.7627	2.40	
	St. Vincent	4	3.1000	.34641	.17321	2.5488	3.6512	2.80	
	Trinidad		3.0930	.60686	.09255	2.9063	3.2798	1.40	4.20
	Total		3.2065	.56127	.04508	3.1174	3.2955	1.40	4.80
Autonomy	Antigua		3.1714	.30971	.13851	2.7869	3.5560	2.71	3.43
	Barbados Jamaica		3.2269	.63608	.10909	3.0050	3.4488	1.00	4.29
	St Lucia		3.2832	.71011	.09489	3.0930	3.4733	1.00	4.43
	St Vincent		3.3516	.58209	.16144	2.9999	3.7034	2.29	4.43

	Trinidad	3.3929	.17976	.08988	3.1068	3.6789	3.14	3.57
	Total	3.0963	.69618	.10617	2.8821	3.3106	1.00	4.29
		3.2240	.66070	.05307	3.1191	3.3288	1.00	4.43
Institutional	Antigua Blame Barbados	2.9000	1.25610	.56174	1.3404	4.4596	1.50	4.17
	Jamaica	3.2696	.66162	.11347	3.0388	3.5005	1.67	4.33
	St Lucia	3.2589	.60044	.08024	3.0981	3.4197	1.67	4.67
	St Vincent	3.5513	.63968	.17741	3.1647	3.9378	2.50	4.67
	Trinidad	3.5000	.63828	.31914	2.4843	4.5157	2.67	4.00
	Total	3.2093	.73561	.11218	2.9829	3.4357	1.50	4.67
		3.2667	.68154	.05474	3.1585	3.3748	1.50	4.67

Table 46: Scale *Analysis of sample organisations' risk response*

Component	Mean	Financial Services	Manufacturing	Tourism & Hospitality	Average
Fairness & Equity	3.2659	3.35	3.24	3.20	3.27
Skills & Competencies	2.6048	2.67	3.04	2.46	2.60
Incentives & Rewards	3.3516	3.47	2.73	3.65	3.35
Rules & Compliance	3.2222	3.18	3.16	3.27	3.22
Autonomy	3.2240	3.40	3.12	3.23	3.22

Institutional Blame	3.2667	3.35	3.04	3.41	3.27

Table 47: *Analysis of risk response by management level/grades*

Tukey HSD

Multiple Comparisons

	Top Junior Middle Senior		Mean Difference (I-J)	Std Error	Sig.	95% Confidence Interval Lower Bound	95% Confidence Interval Upper Bound
Fairness Equity	Junior	Middle	-.53775	.27803	.218	-1.2600	.1845
		Senior	-.52690	.26887	.208	-1.2254	.1716
		Top	-.57346	.27486	.162	-1.2875	.1406
	Middle	Junior	.53775	.27803	.218	-.1845	1.2600
		Senior	.01085	.14596	1.000	-.3683	.3900
		Top	-.03571	.15672	.996	-.4428	.3714
	Senior	Junior	.52690	.26887	.208	-.1716	1.2254
		Middle	-.01085	.14596	1.000	-.3900	.3683
		Top	-.04656	.13982	.987	-.4098	.3167